THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take you are recommended to seek your own financial advice immediately from your stockbroker, bank, solicitor, accountant or other independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (the "FSMA") if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This Prospectus comprises a prospectus relating to Blue Ocean Maritime Income plc (the "**Company**") in connection with the issue of Ordinary Shares, prepared in accordance with the Prospectus Rules of the Financial Conduct Authority made pursuant to section 73A of the FSMA. This Prospectus has been approved by the Financial Conduct Authority and has been filed with the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules.

The Specialist Fund Segment is designed for investors who are institutional, professional and knowledgeable (including those who are professionally advised) who understand, or have been advised of, the potential risk of investing in companies admitted to the Specialist Fund Segment. The Ordinary Shares are therefore only suitable for such investors (i) who understand and are willing to assume the potential risks of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the Ordinary Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment. If you are in any doubt about the contents of this Prospectus, you should consult your accountant, legal or professional adviser or financial adviser.

The Company and each of the Directors, whose names appear on page 52 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the entire Prospectus and, in particular, the section headed "Risk Factors" beginning on page 18 when considering an investment in the Company.

BLUE OCEAN MARITIME INCOME PLC

(Incorporated in England and Wales with company number 11512114 and registered as an investment company under section 833 of the Companies Act 2006)

Placing and Offer for Subscription targeting the issue of 250 million Ordinary Shares of US$0.01 each at an Issue Price of US$1.00 per Ordinary Share

and

Admission of Ordinary Shares to trading on the Specialist Fund Segment of London Stock Exchange plc's Main Market

Investment Manager

ENTRUSTPERMAL LTD.

Sole Bookrunner

J.P. MORGAN CAZENOVE

Application will be made for the Ordinary Shares to be admitted to trading on the Specialist Fund Segment. It is expected that Admission will become effective and that dealings in the Ordinary Shares issued pursuant to the Issue will commence at 8.00 a.m. on 23 October 2018. Dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. The Ordinary Shares will not be dealt in on any other recognised investment exchange and no other such applications have been made or are currently expected.

Specialist Fund Segment securities are not admitted to the Official List of the Financial Conduct Authority. Therefore, the Company has not been required to satisfy the eligibility criteria for admission to listing on the Official List and is not required to comply with the Financial Conduct Authority's Listing Rules. The London Stock Exchange has not examined or approved the contents of this Prospectus.

The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States. Subject to certain exceptions the Ordinary Shares may not be offered or sold within the United States or to, or for the account or benefit of US persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). The Company has not been, and will not be, registered under the Investment Company Act, and investors will not be entitled to the benefit of that Act. No offer, purchase, sale or transfer of the Ordinary Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the Investment Company Act.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Ordinary Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

J.P. Morgan Securities plc, which conducts its investment banking activities in the UK under the name J.P. Morgan Cazenove, is acting for the Company and is not advising any other person or treating any other person as its customer in relation to Admission, the Issue or to the other matters referred to in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove or for affording advice in relation to Admission or the Issue. J.P. Morgan Securities plc is authorised in the United Kingdom by the Prudential Regulatory Authority ("**PRA**") and regulated in the United Kingdom by the FCA and the PRA.

J.P. Morgan Cazenove or its affiliates may in accordance with applicable legal and regulatory provisions engage in transactions in relation to Shares and/or related instruments for their own respective accounts. Except as required by applicable law or regulation, J.P. Morgan Cazenove does not propose to make any public disclosure in relation to such transactions.

Apart from the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan Cazenove by the Financial Services and Markets Act 2000 or the regulatory regime established thereunder, J.P. Morgan Cazenove does not accept any responsibility whatsoever for the contents of this Prospectus or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Investment Manager or the Ordinary Shares. J.P. Morgan Cazenove accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

This Prospectus is dated 17 September 2018.

CONTENTS

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A-E (A. 1-E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Some Elements are not required to be addressed which means there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted into the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and warnings

Element	*Disclosure Requirement*	*Disclosure*
A.1.	Warning	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the claimant investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2.	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. The Company has not given consent to the use of this Prospectus for subsequent resale or final placement of securities through financial intermediaries.

Section B – Issuer

Element	*Disclosure Requirement*	*Disclosure*
B.1.	Legal and commercial name	The legal and commercial name of the Company is Blue Ocean Maritime Income plc.
B.2.	Domicile and legal form	The Company was incorporated and registered in England and Wales on 10 August 2018 with registered number 11512114 as a public company limited by shares under the Companies Act. The principal legislation under which the Company operates is the Companies Act. The Directors intend, at all times, to conduct the affairs of the Company so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended.
B.5.	Group description	Not applicable. The Company is not part of a group.

B.6.	Major shareholders	Other than as set out in the following paragraph, as at 14 September 2018 (the latest practicable date prior to the publication of this Prospectus) insofar as known to the Company, there are no parties known to have a notifiable interest under English law in the Company's capital or voting rights. Gregg Hymowitz, Chairman and Chief Executive Officer of EnTrustPermal and member of the Blue Ocean Executive Committee of the Investment Adviser, has indicated to the Company that an entity controlled by him intends to subscribe for, in aggregate, US$4 million of Ordinary Shares in the Issue (the "**GH Investment**"). The GH Investment will therefore be for an amount equal to 3.2 per cent. of the Minimum Gross Proceeds. In addition, (i) EnTrustPermal Hedge Funds Opportunities Ltd., a fund managed on a discretionary basis by EnTrustPermal Ltd. (the Company's "**Investment Manager**") has indicated to the Company that it intends to subscribe for US$2 million of Ordinary Shares in the Issue (the "**EnTrustPermal Fund Investment**"); and (ii) Omar Kodmani, Senior Executive Officer of the Investment Manager, has indicated to the Company that he or an entity controlled by him intends to subscribe for, in aggregate, US$1 million of Ordinary Shares in the Issue ((the "**OK Investment**"), together with the GH Investment and the EnTrustPermal Fund Investment the "**Investment Manager Group Investments**"). The Investment Manager Group Investments will therefore, in aggregate, constitute an amount equal to 5.6 per cent. of the Minimum Gross Proceeds. All Shareholders have the same voting rights in respect of the share capital of the Company. Pending the allotment of Ordinary Shares pursuant to the Issue, the Company is controlled by the Investment Manager. The Company and the Directors are not aware of any person who, following Admission, could exercise control over the Company.
B.7.	Key financial information	Not applicable. No key financial information is included in this Prospectus as the Company is yet to commence operations.
B.8.	Key pro forma financial information	Not applicable. No pro forma financial information is included in this Prospectus.
B.9.	Profit forecast	Not applicable. No profit forecast or estimate is made in this Prospectus.
B.10.	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. There are no audit reports in this Prospectus.
B.11.	Insufficiency of working capital	Not applicable. In the opinion of the Company the working capital available to the Company is sufficient for its present requirements, namely for at least 12 months from the date of this Prospectus.
B.34.	Investment objective and policy	***Investment objective*** The Company will seek to generate long-term, sustainable shareholder returns, predominantly in the form of income distributions, from direct lending and similar financing opportunities to vessel owners and operators and other maritime businesses.

Investment policy

The Company will seek to achieve its investment objective predominantly through exposure to Debt Assets (as defined below).

Subject to the restrictions set forth in this investment policy, and while the Company will predominantly invest in Debt Assets, the Company may also invest a portion of its assets from time to time in Other Investments (as defined below).

"**Debt Assets**" will comprise:

- *Senior Secured*

  Debt issued by an entity, which is secured as to repayment of principal and payment of interest by a first priority charge over some or all of such entity's maritime assets. Senior secured financings may also include asset leases (where the Company finances an SPV and the SPV owns and leases assets) when the Company determines there is limited residual risk on termination or conclusion of the lease.

- *Other Debt*

  Debt (for example mezzanine debt) that is issued by an entity in connection with maritime assets which is either not secured or is secured by a second lien on assets of the Borrower (as defined below).

  For this purpose "**Debt**" means loans, notes, bonds and other debt instruments, including convertible debt. For the purposes of the investment restrictions below, it also includes warrants or other equity interests, if any, received in connection with (for example, stapled instruments) or as a consequence of (for example, due to a workout, refinancing or restructuring or mezzanine financing) investment in Debt Assets.

"**Other Investments**" comprises other forms of financing to maritime business owners and operators that are not Debt Assets including through joint venture vehicles or other equity financing, where the Company has a preferred position over the equity owners of the maritime business.

The Company will source investments in Debt Assets and/or Other Investments:

- from the entity owning or operating vessels in the maritime business (a "**Borrower**"); or
- in the secondary market,

through existing relationships of the Investment Manager (or one of its affiliates) or through banks or other third party intermediaries.

For so long as the Investment Manager (or one of its affiliates) remains the investment manager of the Company, the Company shall participate in all Qualifying Investments in which the Other Manager Investment Funds invest.

For these purposes:

"**Other Manager Investment Funds**" are Blue Ocean Onshore Fund LP and the Blue Ocean Fund (a sub-fund of EnTrustPermal ICAV), Blue Ocean Income Fund LP, and all other multi-investor funds pursuing substantially the same strategy and objective as the foregoing funds that are launched after admission of the Company's shares to trading and are managed or advised by the Investment Manager (or one or more of its affiliates within the EnTrustPermal group) in circumstances where the Investment Manager (or such affiliate) has investment discretion.

		"**Qualifying Investments**" are all investments in which any of the Other Manager Investment Funds participate which are eligible investments in accordance with the Company's investment objective and policy, and for which the Company has sufficient available cash to participate, but excluding any investments made by the Other Manager Investment Fund(s) where (i) both (a) a majority of the Company's directors and (b) the Investment Manager have agreed that the Company should not participate or (ii) the Investment Manager determines in good faith that participation by the Company is unsuitable or impracticable due to legal, regulatory or tax consequences or restrictions. The Company shall acquire its interests in each Qualifying Investment at the same time (or as near as practicable thereto) as, and on substantially the same economic and financial terms as, the relevant Other Manager Investment Fund. Investment opportunities will generally be allocated as between the relevant Other Manager Investment Funds and the Company on a *pro rata* basis, based on either committed capital or assets under management (as applicable, depending on the types of funds being considered), as further set forth (and subject to) the Investment Manager's allocation policy. In addition, the Company may at any time make investments consistent with its investment policy independent from the Other Manager Investment Funds, subject to the Investment Manager's allocation policy. ***Investment restrictions*** The Company will observe the following restrictions when making investments in accordance with its investment policy: ● no more than 20 per cent. of the Company's gross assets (including cash) will be exposed to any single borrower (including any lessee) together with its parents, subsidiaries and/or sister subsidiary entities; ● no less than 70 per cent. of the Company's gross assets (including cash) will be invested, in aggregate, in senior secured financings and cash; ● no more than 20 per cent. of the Company's gross assets (including cash) will be invested, in aggregate, in Other Investments; and ● the maximum term of any investment will be 7 years. Each of these investment restrictions will be calculated as at the time of investment. Although not forming part of the investment restrictions of the Company, for the avoidance of doubt, where a Debt Asset involves multiple tranches of loans that may be funded at different points of time subject to the satisfaction of conditions precedent at the time each tranche is to be funded, the "time of investment" for these purposes will be the time when a tranche is funded by the Company. Unfunded tranches will not be considered for the purposes of complying with the investment restrictions. In the event that any of the above limits are breached as a result of the funding of a later tranche of loan in a Debt Asset acquired, the Company will take reasonable steps to reduce concentration, including if appropriate selling a portion of the relevant investment. In the event that any of the above limits are otherwise breached at any point after the relevant investment has been made (for instance, as a result of any movements in the value of the Company's total gross assets), there will be no requirement to sell any investment (in whole or in part). There is no investment restriction on the domicile of the Borrowers.

		The Company may hold its investments indirectly, including through one or more special purpose vehicles and in such cases, the investment restrictions will be applied on a look through basis based on the Company's actual *pro rata* investment exposure to the relevant investments. The Company will not invest in other listed or unlisted closed-ended investment funds. *Cash management* The Company's uninvested capital may be invested in cash instruments or bank deposits for cash management purposes. *Hedging* The Company may, from time to time, enter into such hedging or other derivative arrangements as may be considered appropriate for the purposes of efficient portfolio management (including without limitation for interest rate hedging purposes) and managing any exposure through its investments to currencies other than the US dollar.
B.35.	Borrowing limits	The Company may incur indebtedness of up to a maximum of 20 per cent. of its Net Asset Value, calculated at the time of drawdown, for investment and for working capital purposes. Where indebtedness is incurred for investment purposes, the Company will target repayment of such indebtedness within 12 months of it being drawn down; provided that any failure to repay in whole or in part shall not constitute a breach of the investment policy. Where the Company invests in Debt Assets or Other Investments indirectly (whether through special purpose vehicles as holding entities or otherwise), notwithstanding the previous paragraph, indebtedness in such holding entity will not be included in the calculation of indebtedness of the Company provided that the provider of such debt only has recourse to the assets of the holding entity and does not have recourse to the other assets of the Company or other unrelated investments made by the Company.
B.36.	Regulatory status	The Company is not authorised or regulated as a collective investment scheme by the Financial Conduct Authority (the "**FCA**"). However, from Admission, it will be subject to the Prospectus Rules and the Disclosure Guidance and Transparency Rules and the rules of the London Stock Exchange. The Company is not subject to the Listing Rules of the FCA, but has undertaken to comply with certain of the Listing Rules on a voluntary basis.
B.37.	Typical investor	The Issue is designed to be suitable for institutional, professional and knowledgeable investors (including those who are professionally advised) who understand, or have been advised of, the potential risk of investing in companies admitted to the Specialist Fund Segment and who are seeking exposure to maritime debt and other assets. The Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in Ordinary Shares in the Issue.

B.38.	Investment of 20 per cent. or more of gross assets in single underlying asset or collective investment undertaking	Not applicable. The Company will not invest more than 20 per cent. of its gross assets in a single underlying asset or in one or more collective investment undertakings which may in turn invest more than 20 per cent. of gross assets in other collective investment undertakings.
B.39.	Investment of 40 per cent. or more of gross assets in another collective investment undertaking	Not applicable. The Company will not invest more than 40 per cent. of its gross assets in another collective investment undertaking.
B.40.	Applicant's service providers	***Investment Manager*** The Investment Manager is responsible for the management of the assets of the Company and for the risk management of the Company in accordance with the terms of the Investment Management Agreement. The Investment Manager also acts as the Company's "Alternative Investment Fund Manager" for the purposes of Directive 2011/61/EU on alternative investment fund managers. Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee and a performance fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. *Management Fee* The management fee is equal to the sum of (i) 1 per cent. on the first US$500 million of the Company's Net Asset Value; and (ii) 0.8 per cent. of that part of the Company's Net Asset Value (excluding cash) in excess of US$500 million, in each case per annum (the "**Management Fee**"). Company assets held in cash, cash deposits or cash equivalent deposits shall be deemed to be excluded from the Company's Net Asset Value for the purposes of calculating the Management Fee. The Management Fee shall accrue and be payable quarterly in arrear on or before the tenth Business Day immediately succeeding the publication of the Net Asset Value immediately following the end of the relevant calendar quarter. The Management Fee will be calculated on the basis of the relevant part of the Net Asset Value as at the close of business on the last Business Day of each calendar quarter in respect of which the Management Fee is to be paid. The Management Fee will be reduced by an amount equal to the Company's *pro rata* share of any transaction fees break-up fees, investment banking fees, closing fees, or consulting fees received in the relevant quarter which the Investment Manager (or an affiliate within the Manager's Group, but excluding for the avoidance of doubt any investment funds or vehicles managed by the Manager or such affiliate that participate in the investment) receives from investments of the Company ("**Transaction Fees**"). The Company's *pro rata* share of any Transaction Fees will be in proportion to the Company's economic interest in the investment(s) to which such Transaction Fees relate. If there are C Shares in issue, the Management Fee will be charged on the net assets attributable to the Ordinary Shares and the C Shares respectively, provided that if there are C Shares in issue and the Company's aggregate

		Net Asset Value exceeds US$500 million (as adjusted to exclude cash, cash deposits or cash equivalent deposits), the Management Fee calculation shall be applied, firstly, against all net assets attributable to the Ordinary Shares; and, subsequently, against the net assets attributable to the C Shares. *Performance fee* The Investment Manager will also be entitled to a performance fee calculated in accordance with the terms set out below from time to time (the "**Performance Fee**"). The Performance Fee will be calculated in respect of each twelve month period starting on 1 January and ending on 31 December, provided that (i) the first period in which the performance fee shall be calculated will be the period starting on the date of Admission and ending on 31 December 2019; and (ii) the final calculation period shall end on the day on which the Manager ceases to provide services pursuant to this Agreement or, if earlier, the Business Day immediately preceding the day on which the Company goes into liquidation (each a "**Performance Period**"). In respect of each Performance Period where the Total Return exceeds the Performance Hurdle, the Investment Manager shall be entitled to receive an amount equal to the lesser of: (i) 100 per cent. of the Excess Total Return relating to the Performance Period; (ii) 15 per cent. of the Total Return relating to the Performance Period; and (iii) 5 per cent. of the Adjusted NAV as at the last day of a Performance Period. For the purposes of the Performance Fee, the follows terms shall have the meanings set out below: "**Excess Total Return**" means, in relation to a Performance Period, the amount in US dollars by which the Total Return exceeds the Performance Hurdle; "**Total Return**" means, in relation to a Performance Period, the amount, in US dollars, by which the Adjusted NAV at the end of a Performance Period plus distributions to Shareholders declared in respect of that Performance Period (including those distributions in respect of the Performance Period declared after the Performance Period), exceed the Adjusted NAV at the end of the prior Performance Period; "**Adjusted NAV at the end of a Performance Period**" shall be the audited NAV in US dollars at the end of the relevant Performance Period (i) prior to any adjustment as a result of any performance fee in respect of that Performance Period (but not, for the avoidance of doubt, in respect of any other Performance Period, the amount of which Performance Fee shall be deducted in full whether or not paid at that time), and (ii) reduced by any distribution declared in respect of the Performance Period but which has not already reduced the audited NAV and (iii) reduced by any Net Capital Change during the Performance Period where the Net Capital Change is positive or, correspondingly, increased by any Net Capital Change during the Performance Period where such Net Capital Change is negative; "**Adjusted NAV at the end of the Prior Performance Period**" shall be the audited NAV in respect of that prior Performance Period but reduced by any distribution declared in respect of that prior Performance Period but which had not already reduced the audited NAV at the end of that prior Performance Period, provided that the Adjusted NAV at the end of the Prior Performance Period will also be deemed to have accounted for all

		Performance Fees payable in respect of that Performance Period or any previous Performance Period, whether or not paid at that time; "**Net Capital Change**" equals I minus R where: I is the aggregate of the net proceeds of any Share issue during a Performance Period, R is the aggregate of amounts disbursed by the Company in respect of Share redemptions or repurchases during a Performance Period; and "**Performance Hurdle**" means, in relation to each Performance Period, "A" multiplied by "B" where: "A" is 7 per cent. (calculated as an annual rate and adjusted to the extent the Performance Period is greater or shorter than one year); and "B" is (i) the Adjusted NAV at the end of the Prior Performance Period; plus (where such sum is positive) or less (where such sum is negative) (ii) the sum of (a) in respect of each Share issue undertaken in the relevant Performance Period being assessed, an amount equal to the Net Capital Change attributable to that Share issue multiplied by the sum of the number of days between admission to trading of the relevant Shares and the end of the relevant Performance Period divided by 365; less (b) in respect of each repurchase or redemption of Shares undertaken in the relevant Performance Period being assessed, an amount equal to Net Capital Change attributable to that Share purchase or redemption multiplied by the number of days between the relevant disbursement of monies to fund such repurchase or redemption and the end of the relevant Performance Period divided by 365. If, on the last day of a Performance Period (each a "**Period End Date**"), a Performance Fee is determined to be payable (following the calculation described in the paragraph above) in respect of any Performance Period an amount equal to (i) one third of such Performance Fee shall become payable immediately; (ii) one third of such Performance Fee shall become payable on the first subsequent Period End Date ("**Period End Date B**") if, on Period End Date B, the Adjusted NAV at that date exceeds the Hurdle calculated in respect of Period End Date B; and (ii) one third of such Performance Fee shall become payable on the second subsequent Period End Date ("**Period End Date C**") if, on Period End Date C, the Adjusted NAV at that date exceeds the Hurdle calculated in respect of Period End Date C. On the date of termination of the Investment Management Agreement, other than in certain limited circumstances where the Company has terminated the Investment Management Agreement as a result of certain actions or omissions of the Investment Manager, or a loss of the Investment Manager's regulatory authorisation, all Performance Fees deferred but unpaid as at the date of such termination ("**Deferred Performance Fees**") shall become immediately payable, and the tests described in the paragraph above shall not be applied to such Deferred Performance Fees. For the avoidance of doubt, no Performance Fee is payable from the net assets attributable to C Shares in issue at any time. ***Investment Adviser*** Pursuant to an agreement dated 17 September 2018 between the Investment Manager and EnTrustPermal Partners Offshore L.P. (the "**Investment Adviser**") (the "**Investment Advisory Agreement**"), in accordance with Article 20 of the AIFM Directive, the Investment Manager has delegated discretionary investment authority over the assets of the Company to the Investment Adviser and has authorised the Investment Adviser to manage the Company's portfolio on a day to day basis and to

perform related services. The provision of such services is subject always to the overall policy, instructions and supervision of the Investment Manager.

The Investment Adviser receives fees from the Investment Manager and is not separately remunerated by the Company.

Sole Bookrunner

Pursuant to an agreement dated 17 September 2018, J.P. Morgan Cazenove ("**JPMC**") has agreed to act as Sole Bookrunner to the Company in connection with the Issue (the "**Placing Agreement**").

Under the Placing Agreement, JPMC has agreed to use its reasonable endeavours to procure subscribers for Ordinary Shares at the Issue Price pursuant to the Placing. In consideration for its services in relation to the Issue and conditional upon completion of the Issue, JPMC will be paid (i) a base fee equal to 1.5 per cent. of the Gross Issue Proceeds (the "**Base Fee**"); and (ii) an equity structuring fee of at least US$250,000 (the "**Equity Structuring Fee**"), provided that the Equity Structuring Fee shall be increased (if necessary) to ensure that the combined Base Fee and Equity Structuring Fee shall be not less than US$2 million.

Administrator

Pursuant to an agreement dated 17 September 2018, Maitland Administration Services Limited has been appointed as the administrator and company secretary of the Company (the "**Administrative Services Agreement**").

The Administrator is responsible for the Company's general administrative and secretarial functions, such as the calculation of the Net Asset Value, maintenance of the Company's accounting records, general secretarial functions required by the Companies Act and the maintenance of the Company's statutory records.

Under the terms of the Administration Services Agreement, the Administrator is entitled to an annual fee in respect of administration services it will provide of an amount equal to the greater of: (a) 1/12th of £70,000 per month; and (b) £70,000 per annum of the portion of NAV up to, and including, US$195 million; plus an amount equal to 0.03 per cent. per annum of the next US$130 million of NAV; plus an amount equal to 0.02 per cent. per annum on the next US$325 million of NAV; plus an amount equal to 0.015 per cent. per annum on the next US$650 million of NAV; plus an amount equal to 0.01 per cent. per annum of the NAV thereafter. The Administrator is also entitled to a fixed annual fee in respect of company secretarial services it will provide of £35,000 (exclusive of VAT) per annum.

Depositary

Pursuant to an agreement dated 17 September 2018, INDOS Financial Limited has been appointed as the Company's depositary for the purposes of the AIFM Directive (the "**Depositary**") (the "**Depositary Agreement**").

Pursuant to the Depositary Agreement, the Depositary will provide depositary services to the Company, including safe-keeping of financial instruments, record keeping and verification of other assets and cash flow monitoring and oversight.

Under the terms of the Depositary Agreement, the Depositary is entitled to a periodic fee calculated as follows:

(a) where the NAV is less than or equal to $500 million, 0.015 per cent. of the NAV per annum, subject to a minimum fee of £24,000 per annum (which is to be reduced to £15,000 for the first six months after the date of Admission); and

		(b) where the NAV is greater than $500 million, an additional 0.01 per cent. per annum in respect of that part of the NAV which is in excess of $500 million The Depositary shall invoice the Company quarterly in arrear in respect of the periodic fee (together, if applicable, with any VAT thereon). The Depositary is entitled to charge an additional fee where the Company undergoes a lifecycle event (for example, a reorganisation) which entails additional work for the Depositary. Such a fee will be agreed with the Company on a case by case basis. The Depositary is entitled to reimbursement of all reasonable out-of-pocket expenses incurred in connection with its duties. The Depositary has delegated its obligations in respect of the safe keeping of the Company's financial instruments to Sparkasse Bank Malta plc (the "**Custodian**"). A custody fee in respect of the fees and expenses of the Custodian will be payable by the Company in addition to the fees charged by the Depositary, subject to a minimum annual fee of €10,000. ***Registrar*** Pursuant to an agreement dated 17 September 2018, Computershare Investor Services PLC has been appointed as the Company's registrar to provide share registration services (the "**Registrar Agreement**"). Under the terms of the Registrar Agreement, the Registrar is entitled to an annual register maintenance fee from the Company equal to £1.45 per Shareholder per annum or part registrar thereof, subject to a minimum annual fee of £4,800 (exclusive of VAT). Other services will be charged in accordance with the Registrar's normal tariff for as agreed between the Company and the Registrar from time to time. ***Receiving Agent*** Pursuant to an agreement dated 17 September 2018, Computershare Investor Services PLC (the "**Receiving Agent**") has been appointed as the Company's receiving agent in respect of the Offer for Subscription (the "**Receiving Agent Services Agreement**"). Under the terms of the Receiving Agent Services Agreement, the Receiving Agent is entitled to a fee of £5,000 (exclusive of VAT) plus certain other fees including a processing fee per Offer for Subscription Application. The Receiving Agent will also be entitled to reimbursement of all out-of-pocket expenses reasonably incurred by it in connection with its duties.
B.41.	Regulatory status of investment manager and depositary	The Investment Manager is authorised and regulated by the FCA. The Investment Adviser is registered as an investment adviser with the US Securities and Exchange Commission. The Depositary is authorised and regulated by the FCA.
B.42.	Calculation and publication of Net Asset Value	The unaudited Net Asset Value of the Company will be calculated by the Administrator, on the basis of information provided by the Investment Manager, on a quarterly basis. Once available, the NAV will be published through a regulatory information service announcement and made available through the Company's website.
B.43.	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.

B.44.	No financial statements have been made up	The Company has not commenced operations and no financial statements have been made up as at the date of this Prospectus.
B.45.	Portfolio	Not applicable. The Company is newly incorporated and does not currently hold any assets.
B.46.	Net Asset Value	The unaudited Net Asset Value per Ordinary Share at Admission is expected to be US$0.98, since the costs and expenses of the Issue that are payable by the Company are capped at 2 per cent. of the Gross Issue Proceeds. Any excess costs and expenses of the Issue will be borne by the Investment Manager.

Section C – Securities

Element	*Disclosure Requirement*	*Disclosure*
C.1.	Type and class of securities	The Company intends to issue Ordinary Shares pursuant to the Issue, comprised of the Placing and the Offer for Subscription (which shall include the Investment Manager Group Investments), with a nominal value of US$0.01 each at an issue price of US$1.00. The ISIN of the Ordinary Shares is GB00BFMN4099. The SEDOL of the Ordinary Shares is BFMN409. The ticker for the Ordinary Shares is BMAR.
C.2.	Currency denomination of Ordinary Shares	Ordinary Shares will be denominated in US dollars.
C.3.	Details of share capital	Set out below is the issued share capital of the Company as at the date of this Prospectus: *Aggregate Nominal Value* / *Number* Management Shares £50,000 50,000 Ordinary Shares US$0.01 1
C.4.	Rights attaching to the Ordinary Shares	The holders of the Ordinary Shares shall only be entitled to receive, and to participate in, any dividends declared in relation to the Ordinary Shares. On a winding-up or a return of capital by the Company, the holders of Ordinary Shares shall be entitled to all of the Company's remaining net assets after taking into account any net assets attributable to any C Shares in issue. The Ordinary Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company. The consent of the holders of Ordinary Shares will be required for the variation of any rights attached to the Ordinary Shares. The Company has no fixed life but, pursuant to the Articles, an ordinary resolution for the continuation of the Company will be proposed at the first annual general meeting of the Company to be held following the fifth anniversary of Admission and, if passed, every three years thereafter. If any such resolution is not passed, proposals will be put forward to the effect that the Company be wound up, liquidated, reconstructed or unitised.

C.5.	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Ordinary Shares, subject to compliance with applicable securities laws.
C.6.	Admission	Application has been made to the London Stock Exchange for all of the Ordinary Shares in issue and now being offered to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market. It is expected that Admission will become effective and that dealings for normal settlement in the Ordinary Shares will commence on 23 October 2018.
C.7.	Dividend policy	Whilst not forming part of its investment policy, the Company will target a NAV total return to Shareholders of 8 per cent. to 10 per cent. per annum over the medium term (based on the NAV as at the start of each financial period (the "**Target NAV Total Return**"). Whilst not forming part of its investment policy, the Company will target dividends which equate to a yield of at least 3 per cent. per annum (equivalent) on the Issue Price in respect of the period from Admission to 31 December 2019, and at least 7 per cent. per annum on the Issue Price in respect of each subsequent year following 1 January 2020 (the "**Target Dividend**"). Subject to market conditions, applicable law and the Company's performance, financial position and financial outlook, it is the Directors' intention to declare dividends to Shareholders on a quarterly basis in each March, May, September and November in respect of the previous calendar quarter, to be paid in each April, June, October and December, respectively. The Directors anticipate declaring the Company's first dividend shortly after publication of the Company's audited financial statements for the period ending 31 December 2018, which is expected to be in March 2019. Each of the Target NAV Total Return and the Target Dividend is a target only and not a profit forecast. There can be no assurance that either the Target NAV Total Return or the Target Dividend can or will be achieved from time to time or at all and it shall not be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not place any reliance on the Target NAV Total Return or the Target Dividend in deciding whether to invest in the Ordinary Shares or assume that the Company will make any distributions at all. The Company may elect to designate as an "interest distribution" all or part of any amount it distributes to shareholders as dividends.

Section D – Risks

Element	*Disclosure Requirement*	*Disclosure*
D.1.	Key information on the key risks that are specific to the Company and its industry	The Company's performance and business strategy is dependent on the ability of the Investment Adviser to identify appropriate investment opportunities and also on the Company being able to invest the net proceeds of the Issue during an economic cycle that offers opportunities which meet the investment criteria of the Company. There can be no guarantee that such opportunities will continue to be available at the time of investment.

		Market conditions may also restrict the supply of suitable Debt Assets that may generate acceptable returns and thereby cause a "cash drag" on the Company's performance. There can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise conducted by the Investment Adviser or that such information will be accurate and/or remain accurate in the period from the conclusion of the due diligence exercise until the making of the investment. The due diligence process is inherently subjective. As part of the due diligence process, the Investment Adviser will make subjective assumptions, estimates and judgments based on limited information regarding the value, performance and prospects of a potential investment opportunity. The Company is dependent on the continued presence of key personnel at the Investment Adviser. The shipping industry is extensively regulated. The vessels owned or operated by Borrowers will have to operate within the rules, international conventions and regulations adopted by the International Maritime Organisation, as well as other international, national, state and local laws, conventions and regulations in each of the jurisdictions in which the vessels operate as well as those of the country or countries in which such vessels are registered. Additional costs or investments may be incurred to maintain compliance with regulations. It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions under section 1158 of the Corporation Tax Act 2010 and the Investment Trust Regulations 2011 for it to be approved by HMRC as an investment trust. In respect of each accounting period for which the Company is an approved investment trust, the Company will be exempt from UK corporation tax on its chargeable gains. There is a risk that the Company does not receive approval of its investment trust status from HMRC or, having received such approval, the Company fails to maintain its status as an investment trust. In such circumstances, the Company would be subject to the normal rates of corporation tax on chargeable gains arising on the transfer or disposal of investments and other assets, which could adversely affect the Company's financial performance, its ability to provide returns to its Shareholders or the post-tax returns received by its Shareholders. In addition, it is not possible to guarantee that the Company will remain a non-close company, which is a requirement to maintain investment trust status, as the Ordinary Shares are freely transferable. The Administrator will monitor the ownership of the Ordinary Shares on an ongoing basis in order to determine whether the Company has become a close company. In the unlikely event that the Company becomes aware that it is a close company, or otherwise fails to meet the criteria for maintaining investment trust status, the Company will, as soon as reasonably practicable, notify Shareholders of this fact.
D.3.	Key information on the key risks that are specific to the Ordinary Shares	The market price of the Ordinary Shares may fluctuate widely in response to different factors. The Ordinary Shares may trade at a discount to their Net Asset Value, and there can be no assurance that the Ordinary Shares of the Company will be repurchased by the Company, even if they trade materially below their Net Asset Value. It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares. If the Directors decide to issue further Ordinary Shares or C Shares, the proportions of the voting rights held by Shareholders may be diluted. Changes in tax law may reduce any return for investors in the Company.

Section E – Offer

Element	*Disclosure Requirement*	*Disclosure*
E.1.	Proceeds and expenses of the issue	The Net Issue Proceeds of the Issue are dependent on the level of subscriptions received pursuant to the Issue. Assuming Gross Issue Proceeds are US$125 million and the costs and expenses of the Issue are 2 per cent. of the Gross Issue Proceeds, the Net Issue Proceeds will be approximately US$122.5 million. The costs and expenses of the Issue payable by the Company have been capped at 2 per cent. of Gross Issue Proceeds. Any excess costs and expenses of the Issue shall be borne by the Investment Manager.
E.2.a.	Reasons for the Issue, use of proceeds and estimated net amount of proceeds	The Board, as advised by the Investment Manager, believes that there are attractive opportunities for the Company to deliver value for Shareholders through exposure to financing opportunities to maritime vessel owners and operators and other maritime businesses. The estimated Net Issue Proceeds of the Issue are US$122.5 million, assuming that Gross Issue Proceeds of US$125 million are raised and the costs and expenses of the Issue are 2 per cent. of the Gross Issue Proceeds (being the maximum costs to be borne by the Company pursuant to the Issue). The Company's principal use of cash (including the Net Issue Proceeds) will be to purchase investments sourced by the Investment Manager or the Investment Adviser in line with the Company's investment policy, as well as expenses related to the Issue, ongoing operational expenses and payment of dividends and other distributions to Shareholders in accordance with the Company's dividend policy.
E.3.	Terms and conditions of the Issue	The Ordinary Shares are being made available under the Issue at the Issue Price. The Placing will close at 11.00 a.m. on 18 October (or such later date as the Company, the Investment Manager and JPMC may agree). The Offer for Subscription will close at 3.00 p.m. on 16 October (or such later date as the Company, the Investment Manager and JPMC may agree). If the Issue is extended, the revised timetable will be notified through a Regulatory Information Service announcement. Applications under the Issue must be for Ordinary Shares with a minimum subscription amount of US$1,000.00, and thereafter in multiples of US$1,000.00. The Issue is conditional upon: (a) Admission occurring on or before 8.00 a.m. (London time) on 23 October 2018 (or such time and/or date as the Company and JPMC may agree, being not later than 21 December 2018); (b) the minimum net issue proceeds of US$122.5 million being raised pursuant to the Issue; and (c) the Placing Agreement becoming unconditional in all respects (save for conditions relating to Admission) and not having been terminated in accordance with its terms before Admission. The Issue is not being underwritten.
E.4.	Material interests	Not applicable. As at the date of this Prospectus, there are no interests that are material to the Issue and no conflicting interests.

E.5.	Name of person selling securities and lock-up arrangements	Not applicable. No person or entity is offering to sell Shares as part of the Issue. *Investment Manager Group Investments* Gregg Hymowitz and Omar Kodmani (or entities under their control which subscribe for Ordinary Shares) will be subject to a lock-up period of 12 months from Admission of the Shares acquired by them pursuant to the Issue, subject to certain limited exceptions. *Restriction on further issues* The Company has undertaken to JPMC that, between the date of the Placing Agreement and the date falling 180 days from Admission, it will not issue any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction having substantially the same effect or agree to do any of the foregoing other than with the prior written consent of JPMC (such consent not to be unreasonably withheld or delayed) provided that the foregoing restrictions shall not restrict the ability of the Company to allot and issue Ordinary Shares pursuant to the Issue.
E.6.	Dilution	Not applicable. No dilution will result from the Issue.
E.7.	Estimated expenses charged to the investor by the issuer	The costs and expenses (including irrecoverable VAT) of, and incidental to, the Issue payable by the Company are capped at 2 per cent. of the Gross Issue Proceeds. Other than in respect of expenses of, or incidental to, Admission and the Issue which the Company intends to pay out of the Gross Issue Proceeds, there are no commissions, fees or expenses to be charged to investors by the Company under the Issue.

RISK FACTORS

Investment in the Company should not be regarded as short-term in nature and involves a high degree of risk. Accordingly, investors should consider carefully all of the information set out in this Prospectus and the risks attaching to an investment in the Company, including, in particular, the risks described below.

The Directors believe that the risks described below are the material risks relating to the Ordinary Shares at the date of this Prospectus. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this Prospectus, may also have an adverse effect on the performance of the Company and the value of the Ordinary Shares. Investors should review this Prospectus carefully and in its entirety and consult with their professional advisers before making an application to participate in the Issue.

Prospective investors should note that the risks relating to the Company, its industry and the Ordinary Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

The past performance of, the Investment Manager or the Investment Adviser and of investments which are referred to in this Prospectus are for information or illustrative purposes only and should not be interpreted as an indication, or as a guarantee, of future performance.

Within the risk factors set out below, where reference is made to a "Borrower", such term should also be taken to include all counterparties to Other Investments made by the Company, as applicable.

Risks relating to the Company

The Company has no operating history and investors have no basis on which to evaluate the Company's ability to achieve its investment objective

The Company is a recently established closed-ended investment company and has no operating history. There is, therefore, no substantial basis on which to evaluate the Company's ability to achieve its investment objective, implement its investment policy and provide a satisfactory investment return. The results of the Company's future operations will depend on many factors including, but not limited to, the performance of the Investment Adviser and its ability to identify suitable potential investments, the financial performance of the sectors in which the Company invests and the debt and other related assets selected for investment, the ability of the Investment Adviser to effectively implement the investment strategy, conditions in the financial markets and general economic conditions. An investment in the Company is therefore subject to all of the risks and uncertainties associated with any new business, including the risk that the Company will not achieve its investment objective and that the value of an investment in the Company could decline substantially, which may have a material adverse effect on the Company's business, financial condition, results of operations or the value of the Ordinary Shares.

The Company has no specifically identified portfolio of assets in which to invest the Net Issue Proceeds, and prospective investors have limited information on which to base an investment decision

The Company intends to invest primarily in a portfolio which will be predominantly made up of Debt Assets generating income distributions from direct lending and similar financing opportunities to maritime vessel owners and operators and other maritime businesses, but currently has no pre-identified investments and will not do so until after Admission. As a consequence, prior to Admission, prospective investors in the Company will have no opportunity to evaluate the terms of any potential investment opportunities or actual significant investments, or financial data to assist them in evaluating the prospects of the Company and the related merits of an investment in the Ordinary Shares. Following Admission, Shareholders will only

have a role in approving any investments the Company makes to the extent required under the Company's voluntary compliance with the Listing Rules.

The ability of the Company to meet its Target NAV Total Return and Target Dividend will depend on the Investment Adviser's ability to identify and manage suitable investments in accordance with the Investment Policy

The Company's investment objective includes the aim of providing Shareholders with a dividend income. There is no guarantee that any dividends will be paid in respect of any financial year or period. The ability to pay dividends is dependent on a number of factors including the level of income returns from the Company's portfolio of investments. There can be no guarantee that the returns from the Company's portfolio of investments will permit the Company to achieve the Target NAV Total Return or the Target Dividend or that the Company will not sustain any capital losses through its investments.

Market conditions in the specialised industry in which the Company invests may delay or prevent the Company from making appropriate investments that generate attractive returns

The Company's investment objective requires it to invest in instruments which may be both illiquid and scarce. Further, the majority, if not all, of the Company's loans or other investments will be made to or in entities owning and operating vessels used in the shipping industry and other maritime businesses and so the Company will be subject to the risk associated with concentrating its investments in this asset class.

Market conditions, including fluctuations in the supply of and demand for, and residual value of, such vessels or maritime businesses as the Company would seek to invest in, may increase illiquidity and scarcity and have a generally negative impact on the Company's ability to identify and execute investments in suitable Debt Assets and Other Investments that might generate acceptable returns. Market conditions may also restrict the supply of suitable Debt Assets that may generate acceptable returns and thereby cause "cash drag" on the Company's performance. Adverse market conditions and their consequences may have a material adverse effect on the Company's investment portfolio. To the extent that there is a delay in making investments, the Company's returns will be reduced.

Such market conditions may also adversely affect the operations and financial performance of Borrowers, which may have a corresponding adverse effect on the Company's business, financial condition, results of operations, ability to meet dividend payments and the NAV and/or the market price of the Ordinary Shares.

Until such time as the Company is fully invested, it is intended that the uninvested assets of the Company will be held in cash instruments or cash equivalents and bank deposits for cash management purposes. Accordingly, deposits and other short-term investments made in this period are likely to yield returns which may differ materially from returns an investor may expect of the Company were its assets to have been fully invested in accordance with its investment policy.

The absence of a secondary market and liquidity for the Company's investments means that the Company may be unable to realise value from its investments and investors could lose all or part of their investment

Investments that the Company makes may not appreciate in value and may decline in value. It is not expected that there will be any market liquidity in respect of the investments made by the Company. In particular, the loans originated by the Company are generally expected to be bilateral loans to private entities under which the Company and Other Manager Investment Funds (as applicable) will be the only lender(s), and it is not expected that there will be any secondary market for such investments. Even if there were to be a potential secondary market for the Company's loans, the potential volatility and illiquidity of any market for such loans would likely mean that the market value of such loans at any time will vary, and may vary substantially, from the principal amount of such loans. In the event of a default under a loan, the difficulty in selling such loans, and the potential discount to its purchase price or principal amount, would likely be even greater. Accordingly, no assurance can be given as to the Company's ability to sell any loans or Other Investments or, in the event a sale were possible, as to the amount of proceeds of any sale or disposition of such loans at any time. As a result, investing in the Company is speculative and involves a high degree of risk.

The NAV may be based on estimates which are inaccurate

A substantial portion of the Company's investments may be in the form of investments for which market quotations are not readily available, and third-party pricing information may not be available for certain investments held in the portfolio. Individual assets which make up the portfolio will be valued by the Investment Manager, on the basis described in Part IV of this Prospectus.

As valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, these may fluctuate over short periods of time and may be based on estimates. In addition, determinations of fair value may differ materially from the values that would have resulted if a ready market had existed. Even if market quotations are available for certain of the investments, such quotations may not reflect the value that could actually be realised because of various factors, including the illiquidity of certain investments held in the portfolio, future price volatility or the potential for a future loss in value based on poor industry conditions or overall company and management performance. Consequently, the value at which investments in the portfolio could be liquidated may differ, sometimes significantly, from the valuations reflected in the latest published NAV.

The value ascribed to investments will not constitute a guarantee of value and may not necessarily reflect the prices at which such investments could be, or could have been, purchased or sold at any given time, which may be subject to significant uncertainty and depend on various factors beyond the control of the Company and the Investment Adviser. This may result in volatility in the NAV and operating results that the Company will report from period to period.

In calculating the NAV, estimates of the value of certain investments of the Company may be required to be relied upon, which will be supplied, directly or indirectly, by loan counterparties or other investments counterparties. Such estimates may be unaudited or may be subject to little verification or other due diligence and may not comply with generally accepted accounting practices or other valuation principles. In addition, loan counterparties or other investment counterparties may not provide estimates of the value of investments on a regular or timely basis or at all with the result that the values of such investments may be estimated by the Investment Adviser or the Third Party Valuer on the basis of information available at the time.

The Company may borrow in connection with its investment activities which subjects it to interest rate risk and additional losses when the value of its investments falls

Borrowings may be employed at the level of the Company and at the level of any investee entity (including any SPV that may be established or utilised by the Company in connection with obtaining leverage against any of its assets).

The Company may incur indebtedness up to a maximum of 20 per cent. of its NAV, calculated at the time of drawdown, for investment and working capital purposes. Where indebtedness is incurred for investment purposes, the Company will target repayment of such indebtedness within 12 months of it being drawn down provided that any failure to repay in whole or in part shall not constitute a breach of the investment policy. Where the Company invests in Debt Assets or Other Investments indirectly (whether through special purpose vehicles or otherwise), notwithstanding the above, indebtedness in such holding entity will not be included in the calculation of indebtedness of the Company provided that the provider of such debt only has recourse to the assets of the holding entity and does not have recourse to the other assets of the Company or other unrelated investments made by the Company.

Prospective investors should be aware that, whilst the use of borrowings should enhance the Net Asset Value of the Ordinary Shares when the value of the Company's underlying assets is rising, it will, however, have the inverse effect where the underlying asset value is falling. In addition, in the event that the Company's income falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net revenue of the Company and accordingly will have an adverse effect on the Company's ability to pay dividends to Shareholders.

The Company (and/or any future subsidiary of it that incurs borrowings) will pay interest on any borrowings it incurs. As such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates. Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Company's variable rate cash borrowings. In the event that interest rate movements lower

the level of income receivable on cash deposits or raise the interest required to be paid by the Company, returns to investors will be reduced.

The Company's target of repayment of such indebtedness within 12 months of it being drawn down may not be met if the Company is unable to raise equity proceeds or otherwise realise cash in its portfolio to meet such repayment.

Leverage and interest on borrowings incurred at the SPV level could adversely affect the ability of SPVs to meet payment obligations to the Company

SPVs through which the Company will acquire Debt Assets and Other Investments may utilise leverage to finance investments. The SPVs will therefore likely be required to comply with loan covenants and undertakings, including loan to value covenants. A failure to comply with such covenants or undertakings may result in the relevant lenders requiring additional cash or ultimately recalling the relevant loans. In such circumstances, the SPVs may be required to realise or sell the relevant investment to repay the outstanding loan. Under the loan arrangements, there may also be circumstances (including the relevant SPV's failure to repay the relevant loan in full) under which the relevant lenders may enforce security and sell the relevant investment on the market, and use the proceeds for discharge of the SPV's outstanding repayments under the loan arrangement. In either case, if an investment is sold, in relation to that investment the Company will receive only the proceeds left after deduction of the outstanding loan repayments and any other amounts owing under the loan arrangement. There may be no proceeds left after such deductions or the remaining proceeds may be substantially lower than the Company's initial investment in the SPV. Furthermore, a lender may be unwilling to lend to an SPV at all and/ or on suitable terms which could result in the SPV being unable to finance the investment. In addition, the SPVs may be exposed to the risk of interest rate fluctuations as borrowings may be obtained based on floating interest rate terms. Should floating interest rate terms be obtained, the SPV may or may not hedge against any interest rate risk, depending on market conditions, utilising instruments of whatever duration are considered to be appropriate. Shareholders should be aware that any increase in interest rates may increase the costs of the SPVs' borrowings. Shareholders should note that the relevant SPV is not obliged to hedge against interest rate risks and consequently its investments may be significantly exposed to such risks.

The Company's Ordinary Shares will be denominated in US dollars while parts of its portfolio of investments may be denominated in other currencies meaning that, in such cases, the Company is subject to the risk of movements in exchange rates and, to the extent undertaken, attempts to hedge currency exposures may not be successful

The assets of the Company will be invested in predominantly Debt Assets. Although the Company expects that a significant majority of its investments will be denominated in US dollars, it is possible that certain investments may be denominated in Euros, Sterling or other non-US dollar currencies. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates.

The Company may hedge its currency exposure between US dollars and any other currency in which the Company's assets may be denominated as it considers appropriate for the purposes of efficient portfolio management (including, without limitation, for interest rate hedging purposes) and managing any exposure through its investments to currencies other than the US dollar, but shall not be required to. Even where hedging is undertaken, there can be no assurances or guarantees that the Company will successfully hedge against such risks.

The impact of the UK's exit from the European Union on the Company could adversely affect the ability to raise finance to meet its investment objective and the Net Asset Value and market price of the Ordinary Shares

A referendum was held on 23 June 2016 to decide whether the UK should remain in the EU. A vote was given in favour of the UK leaving the EU ("**Brexit**") and on 29 March 2017 the UK Government triggered Article 50 to commence Brexit negotiations with the EU. The extent of the impact of Brexit on the Company will depend in part on the nature of the arrangements that are put in place between the UK and the EU following the eventual Brexit and the extent to which the UK continues to apply laws that are based on EU legislation. The Company may be subject to a significant period of uncertainty in the period leading up to eventual Brexit, including, *inter alia*, uncertainty in relation to any potential regulatory or tax change. In addition, the macroeconomic effect of an eventual Brexit on the value of shares traded in the UK is unknown but there is a significant possibility that shares traded on markets in the United Kingdom,

including the Ordinary Shares will decline in value. Brexit could also create significant UK (and potentially global) stock market uncertainty, which may have an adverse material effect on the Net Asset Value and market price of the Ordinary Shares. As such, it is not possible to state accurately the impact Brexit will have on the Company at this stage. Brexit may make it more difficult for the Company to raise capital in the EU and or increase the regulatory compliance burden on the Company. This could restrict the Company's future activities and thereby negatively affect returns.

Risks relating to the Company's investment in Debt Assets and Other Investments

The failure by Borrowers to make repayments under the terms of the Debt Assets or Other Investments will have an adverse effect on the Company's performance

Regardless of the form that an investment in a Debt Asset or Other Investment takes, the ability of the Company to earn revenue is dependent upon payments being made by the underlying Borrowers in a timely and complete manner. The Company will receive payments under any Debt Assets only if the underlying Borrower makes payments on the relevant loan, note, bond or other debt instrument. Where Debt Assets benefit from security, the Company's recovery will be dependent on the amounts recovered following the enforcement of such security being sufficient to cover the outstanding amounts due to the Company. Where the Company invests in Debt Assets on a subordinated basis, there is a greater risk that amounts recovered following the default of a Borrower will be insufficient to cover outstanding amounts due to the Company, as the recovered amounts must first be applied to discharge obligations which rank ahead of the Company's claims.

Any fees and expenses incurred by the Company in connection with defaults on Debt Assets, including costs incurred in pursuing any bankruptcy claim in court, may reduce the amount which the Company may recover in the event of a partial or complete collection. While the Company's expenses may in certain cases be reimbursed by Borrowers or their estates, such recoupment or reimbursement is not guaranteed to occur and may be insufficient to make the Company whole.

If the Borrower under a secured loan in which the Company participates were to default, and the security were to be enforced, the value recovered from enforcement of the security may be smaller than the value of the Company's investment (whether due to external factors such as changes in the market for the assets to which the security relates, general economic conditions or otherwise).

Unsecured Debt Assets are not secured by any collateral and do not benefit from any third party guarantee or insurance. Additionally, the Company may hold mezzanine or other subordinated Debt Assets where its security ranks behind senior secured creditors of a Borrower (including second lien Debt Assets). While these Debt Assets are anticipated to typically be individually small such that the Company does not expect the loss on any one such Debt Asset to be significant in the context of its portfolio as a whole, the Company may be limited in its ability to collect on such Debt Assets and, if such a Borrower defaults on its obligations, the ability of the Company to collect any portion of such a Debt Asset will accordingly be limited.

Fraud or misrepresentation by Borrowers could adversely affect the ability of the Company to receive expected repayments on a Debt Asset

The value of the investments made by the Company in Debt Assets may be affected by fraud, misrepresentation or omission on the part of the underlying borrower to each Debt Asset, by parties related to the borrower, or by other parties to the Debt Asset (or related collateral and security arrangements). Such fraudulent activity may adversely affect the Company's ability to enforce its contractual rights under the Debt Asset or for the underlying borrower to the Debt Asset to repay the Debt Asset or interest on it or its other debts. Where a Debt Asset composes a secured loan, such fraudulent activity may adversely affect the value of the underlying vessel or other collateral.

A reduction in the value of collateral under a senior secured loan would, in the event of a default of a Borrower, reduce the ability of the Company to recover value on the enforcement of a security

When the Company extends senior secured loans, it will generally take a security interest in the available assets of the relevant Borrower, including its shipping vessels and restricted cash, although this will not always be the case. The Company expects this security interest, if any, to help mitigate the risk that the

Company will not be repaid. However, there is a risk that the collateral securing the Company's loans may decrease in value, may be difficult to sell in a timely manner, may be damaged, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the Borrower to raise additional capital. Moreover, in some circumstances, the Company's lien could be subordinated to claims of other creditors. In addition, deterioration in a Borrower's financial condition and prospects, including any inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that the Company will receive principal and interest payments according to the loan's terms, or at all, or that the Company will be able to collect on the loan should the Company be forced to enforce its remedies.

Subordinated junior or mezzanine debt investments made by the Company will generally be subject to greater risk of capital loss than in senior secured loan investments

The Company's junior or mezzanine debt investments will generally be subordinated to senior secured loans and will generally have a subordinated secured interest and may, in certain circumstances, be unsecured, provided that no less than 70 per cent. of the Company's gross assets (including cash) will be invested, in aggregate, in senior secured financings and cash (in each case calculated as at the time of investment). This may result in an above average amount of risk and volatility or a loss of principal. These investments may involve additional risks that could adversely affect investment returns. To the extent interest payments associated with such debt are deferred, such debt may be subject to greater fluctuations in valuations, and such debt could subject the Company and its Shareholders to non-cash income. Since the Company will not receive cash prior to the maturity of some of its mezzanine debt investments, such investments may be of greater risk than cash-paying loans.

Risks relating to loan origination to private companies

The Company may originate or acquire loans to Borrowers that are private companies and which involve a number of particular risks that may not exist in the case of large public companies, including:

(a) these entities may have limited financial resources and limited access to additional financing, including a lack of access to capital markets, which may increase the risk of their defaulting on their obligations, leaving creditors such as the Company dependent on any guarantees or collateral they may have obtained; and

(b) there is typically little public information that exists about these companies, and the Company will rely on the ability of the Investment Adviser's investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. Although the Investment Adviser has established diligence processes designed to discover as much material information as reasonably possible regarding a Borrower prior to investment, there can be no certainty that such diligence processes will provide the Company with all material information regarding a Borrower.

Loans made to leveraged Borrowers carry a heightened risk of capital loss, thereby adversely affecting the level of the Company's returns to Shareholders

The companies to which the Company will lend or otherwise invest in expect to employ considerable leverage, a significant portion of which may be at floating interest rates. The leveraged capital structure of such Borrowers will increase the sensitivity of the Company's investments to any deterioration in a company's revenues, condition or industry, competitive pressures, an adverse economic environment or rising interest rates. In the event any such Borrower cannot generate adequate cash flow to meet debt service, the Company may suffer a partial or total loss of capital invested in the Borrower, which, given the size of the Company's investments, could adversely affect the investment returns of the Company.

It is not expected that any Debt Assets will be the subject of a credit rating, and there are no restrictions on the proportion of net assets which can be invested in loans which have been judged to be of any particular level of credit quality by the Investment Adviser or any third party assessor. The Company may originate loans to (or purchase distressed loans made to) Borrowers in weak financial condition, experiencing poor operating results including, but not limited to, negative earnings, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities and obligations are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is

the fact that it frequently may be difficult to obtain information as to the true condition of such Borrowers. Loans to such Borrowers may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. There is no assurance that the Investment Adviser will correctly evaluate the creditworthiness of the Borrower, the value of any assets collateralising any such portfolio asset or the prospects for a successful reorganisation or similar action of any such Borrower. In any reorganisation or liquidation proceeding relating to a Borrower, the Company may lose its entire investment, may be required to accept cash or securities with a value less than the Company's original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the relevant Debt Asset or Other Investment may not compensate the Shareholders of such Company adequately for the risks assumed.

If the Company is unable to realise gains from disposals of equity investments, the Company's returns to Shareholders will be adversely affected

The Company may make selected equity investments. In addition, when the Company invests in mezzanine debt or senior secured loans, the Company may elect to restructure part or all of its investment so that it instead receives returns through equity warrants, preferred equity returns or other equity investments. Returns on equity investments will depend on the profitability of a Borrower's business.

The Company will generally seek to ultimately dispose of these equity investments and realise gains upon the disposition of such interests. However, the equity investments the Company receives may not appreciate in value and, in fact, may decline in value. Accordingly, the Company may not be able to realise gains from its equity investments, and any gains that the Company does realise on the disposition of any equity investments may not be sufficient to offset any other losses it experiences.

The profitability of leasing arrangements depend on a number of factors, including the financial condition of Borrowers and the value of the leased asset. A deterioration in the financial condition of lessees or the value of a leased asset could adversely affect the Company's returns to Shareholders

Investments of the Company may include leases of commercial cargo vessels, including leases originated (directly or indirectly) by the Company or a Borrower.

Investments made by way of leases are generally subject to the same risks as investments made by way of senior secured loans.

Generally, if a lessee goes bankrupt, its bankruptcy trustee may repudiate a lease and return the equipment or other property to the lessor.

Further, there is a risk that the relevant bankruptcy court could re-characterise the lease as an unsecured loan and rank any claim which an SPV, wholly or partially owned by the Company, had to recovery of the leased asset behind senior secured creditors of the Borrower. It may also refuse to enforce any term of the lease which gave an SPV, wholly or partially owned by the Company, the right of recovery over the leased asset.

Other risks may arise out of the lessor-lessee relationship, including, without limitation, the lessee's failure to properly maintain the asset that is the subject of the lease.

Additionally, if, on the termination of an asset lease arrangement, a Borrower declines to exercise an option to acquire the leased assets, such assets will continue to be held in an SPV wholly or partially owned by the Company. Notwithstanding the residual value of such assets, there can be no guarantee that the relevant SPV will be able to sell or lease such assets at beneficial commercial rates or at all.

Risks relating to the maritime and shipping industry

The Debt Assets and Other Investments made by the Company will give the Company exposure to direct lending and similar financing opportunities to vessel owners and operators and other maritime businesses. As such, the investment returns of the Company's portfolio are subject to the risks associated with the maritime and shipping industry, including those described below.

Cyclicality of the shipping industry, including fluctuations in charter hire rates, as well as global or regional political and economic conditions, may affect the Company's business, financial condition, results of operations, ability to meet dividend payments and the NAV and/or market price of Ordinary Shares

The shipping industry and the wider maritime industry tends to be cyclical with attendant, often unpredictable and significant, volatility in spot freight rates, vessel values and vessel profitability. The time lag in the shipping industry between order and delivery of vessels heightens this cyclicality. Charter hire rates and vessel values are affected by the supply of, and demand for, vessels. The factors that can influence the supply of, and demand for, vessel capacity include: the demand for and production of cargo (for example containerised cargoes), global and regional political and economic conditions, demand for products transported by the vessels, changes in methods of transportation, transportation costs and changes in seaborne and other transportation patterns. Factors that influence the supply of vessel capacity include: the number of newbuild deliveries, the demand for and construction of vessels of the same type, the scrapping rate of older vessels, vessel casualties, the number of vessels that are out of service and port productivity. Borrowers may be exposed to market fluctuations in charter hire rates. Typical charter hire rates in the market may increase or decrease following the time at which the rate of the relevant charter agreement is fixed. The capital value of the vessels will also be exposed to fluctuations in the secondhand values of the vessels over the life of the vessel. While exposure to such cyclicality and volatility may benefit the Company in certain circumstances, it may also adversely affect the Company's business, financial condition, results of operations, ability to meet dividend payments and the NAV and/or the market price of the Ordinary Shares. If the maritime industry continues to experience dislocation, the Company's ability to achieve its investment objectives may be adversely affected.

Valuation of underlying vessels to which the Company has exposure through its investments may fluctuate

The market price and value of maritime vessels may fluctuate due to a number of factors beyond the Company's control, including actual or anticipated fluctuations in the results of, and market perceptions concerning, the shipping industry, general economic, social or political developments, changes in industry conditions (including, for example, fluctuations in the supply of, and demand for, such vessels), changes in government or other regulation and other material events such as natural disasters, terrorism, piracy, storms or strikes. The residual value of a vessel may also be adversely affected by factors such as poor maintenance or as a result of a poor performance of the vessel relative to its intended function. Further, the depreciation rate of the vessels may vary over time and there can be no guarantee that the depreciation rate will not increase above that which has historically been the case.

The realisable value of the vessels may also be miscalculated. Over the last several years there has been significant decline in the value of shipping vessels caused by a supply/demand imbalance. There can be no assurance that such values will not fall further. It may be relatively difficult for the Investment Adviser or the Third Party Valuer to obtain and provide the Investment Manager with reliable pricing information for valuation of the underlying vessels. The Investment Adviser or the Third Party Valuer may conclude that certain quotations for vessels are not indicative of fair value by reason of a number of factors. A lack of reliable information, errors in assumptions or forecasts and/ or an inability to successfully implement the investment policy in a particular case could, among other factors, result in the vessel having a lower realisable value than had, in fact, been anticipated. If the Company is not able to realise an investment at the anticipated value, investment returns could be adversely affected.

As a result, the value ascribed by the Company to each vessel either owned by itself, a wholly owned SPV or a third party may be higher or lower than forecast and capital returns to Shareholders may, accordingly, be higher or lower than otherwise expected. Inaccurate valuations could adversely impact the Investment Adviser's ability to assess and monitor collateral (and realise optimal value if an asset is sold).

The Company's performance will be subject to worldwide operations and geopolitical risk

Borrowers may enter into charter agreements that allow for worldwide operation of vessels on a medium to long term basis. The vessels will call at ports, and the charterers will be, located in various countries around the world, including emerging markets. Each such Borrower's business is therefore subject to political, economic and social conditions of the countries where these ports and charterers are located. For example, the Borrower may be exposed to risks of political unrest, war and economic and other forms of instability, such as natural disasters, epidemics, widespread transmission of communicable or infectious

diseases, natural disasters, terrorist attacks, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries in which the Borrower operates and other events beyond its control which may adversely affect local economies, infrastructures and livelihoods. These events could result in disruption to charterers' business and seizure of, or damage to, customers' assets, or could give rise to difficulties to the Borrower in protecting its assets, including by enforcing its rights, in these jurisdictions. These events could also cause the partial or complete closure of particular ports and sea passages, such as the Suez or Panama canals, potentially resulting in higher costs, vessel delays and cancellations on some lines.

Furthermore, during the period for which such charter agreements subsist, political and economic change may occur at a different pace or in a different direction to that anticipated by the Company at the time the investment was made.

Furthermore, these events could lead to reductions in the growth rate of world trade, which could reduce demand for vessels and/or services. The political, economic or social conditions in any of these countries may have an effect on charterers' business and financial conditions which may affect the creditworthiness of such charterers, and increase the risk of default by the charterer, which could adversely impact lease income under the charter agreements for the vessels.

If any of the above factors were to occur, the ability of affected Borrowers to meet repayment obligations to the Company could be adversely affected. Any such adverse impact could, in turn, adversely affect the Company's ability to make returns to shareholders and the NAV and/or the market price of ordinary shares.

Additionally, the value of the vessels owned or operated by Borrowers could be adversely affected by abrogation of (or changes to) international agreements and national laws (in particular in relation to international conventions relating to the arrest of vessels) by the countries in which the vessels operate, failure of the designated national and international authorities to enforce compliance with the same laws and agreements, failure of local, national and/or international organisations to carry out their duties prescribed to them under the relevant agreements, revisions of these laws and agreements which dilute their effectiveness or conflicting interpretation of provisions of the same laws and agreements. To the extent that any of the foregoing factors reduce the value of vessels which comprise the Company's security for a secured loan, the value of the Company's security (and therefore the ability of the Company to recover value following the default of a Borrower under a secured loan) could be adversely affected.

An increase in trade protectionism and the unravelling of multilateral trade agreements could have an adverse impact on Borrowers and their ability to meet their repayment obligations to the Company

Borrowers' operations may expose them to the risk that increased trade protectionism will adversely affect their business. Recently, various government leaders have declared that their countries may turn to trade barriers to protect or revive their domestic industries in the face of foreign imports (and other countries have indicated that they will retaliate to such measures in kind), thereby potentially depressing the demand for shipping. The United Kingdom recently resolved to leave the European Union, and it is not yet clear how it plans to approach international trade with the European Union and other trade partners. In the United States, there is significant uncertainty about the future relationship between the United States and other exporting countries, including with respect to trade policies, treaties, government regulations and tariffs. The current U.S. presidential administration has generally indicated that it rejects multilateral trade agreements in favour of bilateral relations and that in general it wishes to seek more favourable terms in its dealings with its trade partners. The U.S. administration has stated that it may utilise (and in some cases has already utilised) tactics such as the imposition of punitive tariffs, in order to secure achieve these goals, and other nations and the European Union have stated that they will utilise (and in some cases have already utilised) retaliatory measures.

Restrictions on imports, including in the form of tariffs, could have a major impact on global trade and demand for shipping. Specifically, increasing trade protectionism in the markets that Borrowers' charter parties serve may cause an increase in (i) the cost of goods exported from regions around the world, (ii) the length of time required to deliver goods from exporting countries, (iii) the costs of such delivery and (iv) the risks associated with exporting goods. These factors may result in a decrease in the quantity of goods to be shipped. Protectionist developments, or the perception they may occur, may have a material adverse effect on global economic conditions, and may significantly reduce global trade, including trade between

the United States and China. While such an environment may in certain circumstances create investment opportunities for the Company, it may also (or instead) adversely impact the ability of charter parties to meet their payment obligations to Borrowers, and thereby adversely impact the ability of Borrowers to meet their repayment obligations to the Company. Any such adverse impact could, in turn, adversely affect the Company's ability to make returns to Shareholders and the NAV and/or the market price of the Ordinary Shares.

Risks affecting the businesses of Borrowers

The following risk factors relate to the operation of the businesses of Borrowers who are owners or operators in the maritime and shipping industry. Such factors, if and to the extent that they materialise, could adversely affect the ability of such Borrowers to finance the repayment of loans made by the Company or otherwise provide the Company with its expected return on a Debt Asset or Other Investment, thereby adversely affecting the Company's business, financial condition, results of operations, ability to make returns to Shareholders and the NAV and/or the market price of the Ordinary Shares.

Technological innovation may lead to a reduction in the charter rates and residual value of the vessels comprising the Company's security under secured loans

Charter hire entities are directly affected by movements in charter rates applicable to a vessel from time to time. The charter hire and the value and operational life of a vessel are determined by a number of factors including the vessel's size, type, efficiency, operational flexibility and physical life. Factors which determine a vessel's efficiency include its speed, fuel economy and the ability to be loaded and unloaded quickly. Flexibility is determined by features such as the ability to enter ports, utilise related port facilities and safely navigate through canals and straits. Physical life is related to the original design and construction, maintenance and the impact of the stress of operations and structural damage. If new vessels are built that are more efficient or flexible or have longer physical lives than the vessels to which the Company is exposed through its investments, competition from these more technologically advanced vessels could adversely affect the value of charter hire payments which can be obtained in respect of, and the resale value of, such vessels. Older vessels are typically less fuel-efficient than more recently constructed vessels due to improvements in engine technology and ship design. These and other factors can make older vessels less desirable to charterers. To the extent that any of the foregoing factors reduce the value of vessels which comprise the Company's security for a secured loan, the value of the Company's security (and therefore the ability of the Company to recover value following the default of a Borrower under a secured loan) could be adversely affected.

Defects in vessels acquired in the secondary market may not be apparent prior to purchase

A vessel that has been acquired by Borrowers in the secondary market may have conditions or defects that were not apparent prior to its acquisition, and notwithstanding any prior inspections, a Borrower may need to undertake costly repairs to the vessel. Such repairs may require the vessel to be put into drydock which would reduce the vessel's utilisation. Furthermore, it is not usually possible to receive the benefit of warranties in respect of vessels that have been purchased secondhand. The costs of maintaining a vessel in good operating condition increase with the age of the vessel. Furthermore, governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations or the addition of new equipment to a vessel, and may restrict the types of activities in which a vessel may engage. If a Borrower is required to incur significant expense in order to maintain a vessel, the ability of such Borrower to meet its repayment obligations to the Company could be adversely affected. Any such adverse impact could, in turn, adversely affect the Company's ability to make returns to Shareholders and the NAV and/or the market price of the Ordinary Shares. The foregoing factors could also act (in the absence of proper expenditure on vessel maintenance by a Borrower) to reduce the value of vessels which comprise the Company's security for a secured loan. The value of the Company's security (and therefore the ability of the Company to recover value following the default of a Borrower under a secured loan) could therefore be adversely affected by a lack of proper expenditure on vessel maintenance by a Borrower.

There can be no guarantee that charter counterparties will not default on their obligations to Borrowers under the charter agreements

While the Investment Adviser will undertake due diligence in relation to Borrowers which operate charter hire businesses, including charter counterparties' creditworthiness and related factors, there can be no

guarantee that charter counterparties with which Borrowers contract will honour their contractual obligations. To the extent that such counterparties fail to honour their contractual obligations to a Borrower, the financial position of the Borrower could be adversely affected. Any financial difficulties experienced by a Borrower could adversely affect the ability of that Borrower to meet its repayment obligations to the Company. Any such adverse impact could, in turn, adversely affect the Company's ability to make returns to Shareholders and the NAV and/or the market price of the Ordinary Shares.

Events which may occur during the operation of vessels may result in damage to the vessels or other loss or liability which may adversely affect returns to Borrowers

The vessels to which the Company is exposed directly or indirectly through its investments may be subject to unfortunate and/or force majeure events. Such events could include marine disasters (such as collisions, allisions, capsizings or groundings), incidents of piracy, environmental accidents, cargo and property losses or damage, mechanical failures, earthquakes, adverse weather conditions, assertion of eminent domain, embargoes and strikes, wars, riots, terrorist acts and similar events. These events could result in the partial or total loss of a vessel or significant down time, death or injury to persons, loss of revenue or property, environmental damage, higher insurance rates or delay or rerouting, among other potentially detrimental effects and in some circumstances charter hire agreements may be terminated if the event is so catastrophic that it cannot be remedied within a reasonable time period. If a Borrower is required to incur significant expense in order to remedy or mitigate the impact of such an event, the ability of such Borrowers meet its repayment obligations to the Company could be adversely affected. Any such adverse impact could, in turn, adversely affect the Company's ability to make returns to Shareholders and the NAV and/or the market price of the Ordinary Shares. The foregoing factors could also act to reduce the value of vessels which comprise the Company's security for a secured loan. The value of the Company's security (and therefore the ability of the Company to recover value following the default of a Borrower under a secured loan) could therefore be adversely affected by the occurrence of any of the events described in this paragraph.

As part of the Investment Adviser's due diligence process in respect of a potential Borrower, the Investment Adviser will seek to ensure that vessels owned or operated by such Borrower are insured against loss arising from the occurrence of the events described in the above paragraph. There can be no certainty, however, that the relevant insurance policies will cover all losses arising from the occurrence of such events.

Borrowers may be required to incur significant expense in connection with hull and machinery classification, vessel maintenance and modifications

The hull, machinery and equipment of every commercial vessel must be classed by an independent classification society. As part of the Investment Adviser's due diligence process in respect of a vessel, the Investment Adviser will seek to ensure that the owners of such vessels have only engaged classification societies who are members of the International Association of Classification Societies ("**IACS**"). The classification society certifies that a vessel is safe and seaworthy in accordance with its rules and regulations as well as those of the flag state of the vessel. In addition, each vessel must comply with, *inter alia*, the requirements of the International Maritime Organisation ("**IMO**") (a specialised United Nations agency) Safety of Life at Sea Convention ("**SOLAS**"). Each of the vessel owner's vessels will therefore be required to undergo a combination of annual, intermediate and special surveys. Each vessel will also be required to be drydocked at every five year special survey and, unless the class notation allows otherwise, at each intermediate survey (about 30 months after each special survey) for the inspection of the underwater parts of the vessel. Whilst the cost of planned maintenance is taken into account in the cost budgets for any vessel there is no guarantee that the actual expenditure will be carried out within budget. Also, if any vessel does not maintain its class or fails any annual, intermediate, or special survey, that vessel may be unable to trade between ports and would therefore be unemployable.

Vessels may suffer damage at any time and/or require rectification work that is identified during regular inspections at a drydocking facility. The costs associated with such unplanned maintenance are unpredictable and can be substantial. In addition, there may be a loss of earnings during the time the vessel is in transit to the dry dock, during repairs and ultimately repositioned. As part of the Investment Adviser's due diligence process in respect of a potential Borrower, the Investment Adviser will seek to ensure that vessels owned or operated by such Borrower are insured against such accidental damages as well as the vessel's earnings for the time off hire during repair, however each insurance policy has excess

provisions. Whilst the Investment Adviser, as part of its due diligence processes, will seek to ensure that adequate reserves will be maintained to cover such insurance excess, consequential losses as a result of such accidents can be substantial.

If a Borrower is required to incur significant expense in order to rectify defects in a vessel, or if a vessel must otherwise remain drydocked for a longer period of time than anticipated in connection with such inspections, then such factors may have an adverse impact on such Borrowers' ability to utilise such vessels to generate revenue. Such an adverse impact on the Borrower's financial performance may adversely impact the ability of such Borrower to meet its repayment obligations to the Company. Any such adverse impact could, in turn, adversely affect the Company's ability to make returns to Shareholders and the NAV and/or the market price of the Ordinary Shares.

Borrowers may be required to incur significant compliance expense in connection with the legal and regulatory requirements of the shipping industry and changes to relevant codes and regulations

The shipping industry is extensively regulated. The vessels owned or operated by Borrowers will have to operate within the rules, international conventions and regulations adopted by the IMO, as well as other international, national, state and local laws, conventions and regulations in each of the jurisdictions in which the vessels operate, as well as those of the country or countries in which such vessels are registered. Additional costs or investments may be incurred to maintain compliance with regulations. The International Labour Organisation ("**ILO**") is also responsible for the development of labour standards applicable to seafarers worldwide. The IMO has adopted a comprehensive framework of detailed technical regulations, in the form of international diplomatic conventions, which govern the safety of vessels and protection of the maritime environment and to which Borrowers and the vessels owned or operated by Borrowers will be subject. For example, shipping companies and individual vessels are required to establish safety systems and have them certified by standardisation bodies. In complying with such IMO regulations and other regulations that may be adopted, additional costs may be incurred, for example, in meeting new maintenance, environmental and inspection requirements, in developing contingency arrangements for potential contamination by vessels and in obtaining insurance coverage. Because such conventions, laws and regulations are often revised, it is not possible to predict the long term costs of compliance. Compliance with such laws and regulations may entail significant expenses, including capital expenditure expenses for vessel design modifications and changes in operating procedures and insurance coverage. In addition, vessel owners and managers are required by various governmental bodies to obtain permits, operating certificates and licences required for the operation of vessels. These permits may become costly or impossible to obtain or renew. In particular, the operation of the vessels will also be affected by the requirements set forth in the International Safety Management Code (the "**ISM Code**"). The ISM Code requires vessel technical managers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe vessel operation and describing procedures for dealing with emergencies. The failure of a vessel technical manager to comply with the ISM Code may subject such party, and subsequently the vessel owner or charterer, to increased liability, may decrease available insurance coverage for the affected vessels, and may result in a denial of access to, or detention in, certain ports. Changes in environmental laws, governmental regulations, safety or other equipment standards, as well as compliance with standards imposed by maritime self-regulatory organisations and customer requirements or competition, may require the vessel's owner to make additional expenditures. As such conventions, laws, and regulations are often revised, it is not possible to predict with certainty the ultimate cost of complying with such conventions, laws and regulations or the impact thereof on the resale price or useful life of the vessels.

For example, two environmental regulations are schedule to take effect in the near future:

(a) In 2016 the IMO confirmed that the previously revised emissions standard under Annex VI to MARPOL for the reduction of sulphur oxides will be phased in by 1 January 2020. Compliance with this emissions standard will require either extensive modifications to existing vessels or the use of cleaner more expensive fuel. It is unclear how the new emissions standard will affect the employment of Borrowers' vessels, given that the cost of fuel is borne by the charterers of such vessels when the vessels are on time charter employment, and that at present it appears that there will be very few ships that will comply with the new standard without using low sulphur fuel. Over time, however, it is possible that ships not retrofitted to comply with the new emissions standard may become less

competitive (compared with ships that can utilise less expensive fuel), may have difficulty finding employment, may command lower charter hire and/or may need to be scrapped.

(b) In addition, the IMO has imposed updated guideline of ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel's ballast water. Depending on the date of the International Oil Pollution Prevention renewal survey, existing vessels must comply with the updated D-2 standard on or after 8 September 2019. For most vessels, compliance with the D-2 standard will involve installing on-board systems to treat ballast water and eliminate unwanted organisms. Costs of compliance may be substantial and adversely affect Borrowers' revenues and profitability.

Governmental regulation of the shipping industry, particularly in the areas of safety and environmental requirements, may become stricter in the future. In addition, it is possible that the heightened environmental, quality and security concerns of insurance underwriters, regulators and charterers will lead to additional requirements, including enhanced risk assessment and security requirements and greater inspection and safety requirements for vessels.

If a Borrower is required to incur significant compliance costs in connection with one or more of the matters outlined in the above paragraph, then such costs may adversely impact the ability of such Borrower to meet its repayment obligations to the Company. Any such adverse impact could, in turn, adversely affect the Company's ability to make returns to Shareholders and the NAV and/or the market price of the Ordinary Shares.

Borrowers may be required to incur significant compliance expense in connection with environmental liability arising from maritime incidents

Owners and operators of maritime vessels are at a substantial risk of loss from environmental claims arising in respect of incidents involving such vessels. In particular, if a vessel owned or operated by a Borrower were to be involved in an incident with the potential risk of environmental damage, contamination or pollution, a claim against that Borrower vessel could adversely impact such Borrower's ability to meet its payment obligations to the Company.

Furthermore, changes in environmental laws and regulations, such as the introduction of emissions reduction agreements, may create liabilities that did not exist at the time of acquisition of a vessel and that could not have been foreseen and which may cause the vessel to be retrofitted at significant cost in order to comply with these laws and regulations. Generally, the Investment Adviser will perform or cause to be performed market practice environmental due diligence in respect of all vessels that a Borrower proposes be provided to the Company as collateral for a secured loan, or to be purchased by a Borrower utilising financing to be provided by the Company, in order to identify potential sources of pollution, contamination or environmental hazard for which that vessel may be responsible and to assess the status of environmental regulatory compliance. There can be no assurance, however, that such due diligence will reveal all or any of the environmental liabilities relating to such vessels. There is also a substantial risk that the involvement of a vessel in which the Company has an interest in an environmental disaster may harm the Company's reputation, which in turn may adversely affect the Company's business, financial condition, results of operations, ability to meet dividend payments and the NAV and the market price of the Ordinary Shares.

Ship arrest or similar may require the posting of significant sums as security before such vessels are released

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a claimant may seek to obtain security for its claim by arresting a vessel through foreclosure proceedings. In addition, in some jurisdictions, such as South Africa, under the "sister ship" theory of liability, a claimant may arrest both the vessel which is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. Claimants could therefore attempt to assert "sister ship" liability against vessels owned or operated by a Borrower. The arrest or attachment of one or more of a Borrower's vessels could have an adverse effect on the financial performance of such Borrower, which in turn could adversely impact the ability of such Borrower to meet its repayment obligations to the Company. Any such adverse impact could, in turn, adversely affect the Company's ability to make returns to Shareholders and the NAV and/or the market price of the Ordinary Shares.

A government could also requisition one or more of the vessels owned or operated by a Borrower leading to a loss of earnings. Requisition for title occurs when a government takes control of a vessel and becomes her owner, while requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter rates. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Although the vessel owner would be entitled to compensation in the event of a requisition of one or more of its vessels, the amount and timing of payment would be uncertain. A requisition of a Borrower's vessel could adversely impact the ability of such Borrower to meet its repayment obligations to the Company. Any such adverse impact could, in turn, adversely affect the Company's ability to make returns to Shareholders and the NAV and/or the market price of the Ordinary Shares.

Liability could arise in the event that a cargo is delivered without an original bill of lading

There is a risk that liability could arise in the event that cargo is delivered without being presented with an original bill of lading. A counter-indemnity from the charterer is generally required to mitigate such liability. However, recovery of indemnified amounts from the charterer may not be possible. Protection and indemnity insurance in the shipping industry does not cover this type of risk. In the event that such liability is incurred by a Borrower, this may expose such a Borrower to significant costs which could adversely impact the ability of such Borrower to meet its repayment obligations to the Company.

General market risks that may impact the Company's investments

The Company's ability to meet its investment objective could be adversely affected if global financial markets experience volatility or perform poorly, or if a systemically important financial institution defaults

The global financial markets have experienced extreme volatility and disruption in recent years, as evidenced by a lack of liquidity in the equity and debt capital markets, significant write-offs in the financial services sector, the repricing of credit risk in the credit market and the failure of major financial institutions. Despite actions of government authorities, these events contributed to general economic conditions that have materially and adversely affected the broader financial and credit markets and reduced the availability of debt and equity capital. The default of any financial institution could lead to defaults by other institutions. Concerns about, or default by, one financial institution could lead to significant liquidity problems, losses or defaults by other institutions, because the credit quality and integrity of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect brokers, lending banks and other trading counterparties with whom the Company deals. The Company may, therefore, be exposed to systemic risk when it deals with various third parties, such as brokers, lending banks and other trading counterparties whose creditworthiness may be interlinked. Further, recurring market deterioration may materially adversely affect the ability of a Borrower (including SPVs through which the Company will hold investments) to service its debts or, if required, refinance its outstanding debt. Financial market disruptions may also have a negative effect on the valuations of the Company's investments (and, by extension, on the ability to meet dividend payments and the NAV and/or the market price of the Ordinary Shares), and on the potential for liquidity events involving its investments. In the future, non-performing assets in the Company's portfolio may cause the value of the Portfolio Investments to decrease if the Company is required to write down the values of any Portfolio Investments. Adverse economic conditions may also decrease the value of collateral securing some of its loans. Conversely, in the event of sustained market improvement, the Company may have access to only a limited number of potential investment opportunities, which could also result in limited returns to Shareholders. A negative change in economic conditions in emerging markets may lead to a significant drop in global demand thereby affecting charter rates and vessel values. Currently, China and other emerging market economies such as India are the key driving forces behind the increase in seaborne trade in certain shipping segments and the demand for maritime transportation and logistics as they are some of the world's fastest growing economies in terms of GDP. It cannot be assumed that such growth will be sustained or that the Chinese economy will not experience a material decline from current levels in the future. A downturn in key emerging market economies could translate into reduced demand for shipping services and lower charter rates industry wide, thereby adversely affect the Company's business, financial condition, results of operations, ability to meet dividend payments and the NAV and/or the market price of the Ordinary Shares.

General market conditions associated with changes in market prices or rates could adversely affect the Net Asset Value and market price of the Ordinary Shares or the ability of the Company or an SPV to raise financing

There are certain general market conditions in which any investment strategy is unlikely to be profitable. The Company does not have the ability to control or predict such market conditions. General economic and market conditions, such as currencies, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances may affect the price level, volatility and liquidity of securities' prices and result in losses in the value of the Company's assets. In particular, any inability of an SPV to access equity or credit may have an adverse effect on its ability to fully exploit its business opportunities, which in turn may impact on its value and, thus, the performance of the Company's portfolio.

Risks related to the Investment Manager, the Investment Adviser and other service providers

Lack of availability or identification of suitable investment opportunities could have an adverse impact on the Company's performance

The Company's performance and business strategy is dependent on the ability of the Investment Adviser to identify appropriate investment opportunities and also on the Company being able to invest the Net Issue Proceeds during an economic cycle that offers opportunities which meet the investment criteria of the Company. While the Investment Manager and the Investment Adviser believe there to be a strong supply of suitable investment opportunities as at the date of this Prospectus, there can be no guarantee that such opportunities will continue to be available at the time of investment. Competition from other finance providers to maritime asset owners and operators are also subject to influences from a broad range of market and financing factors which could decline from current conditions and negatively affect the ability of the Investment Adviser to source suitable investment opportunities. Moreover, the business of identifying and structuring investments of the types contemplated by the Company is competitive and involves a high degree of uncertainty. Competition for financing the transportation of cargo by sea is intense and depends on a number of factors including price, location, size, age, condition and the acceptability of a vessel to be used as collateral. The Company is likely to compete for desirable investments with well-established banks, shipping companies and brokers, private investment funds, foreign investors, various other types of financial institutions and their affiliates, family groups and wealthy individuals, some or all of which may have capital and resources in excess of those of the Company. Accordingly, there can be no assurance that the Company will be able to identify and complete attractive investments, which may adversely affect the Company's business, financial condition, results of operations, ability to meet dividend payments and the NAV and/or the market price of the Ordinary Shares.

The Company is reliant on the performance and retention of key personnel

The Company will rely on key individuals at the Investment Adviser to identify and select investment opportunities and to manage the day-to-day affairs of the Company. There can be no assurance as to the continued service of these key individuals at the Investment Adviser, and accordingly, the Investment Management Agreement contains customary key-person termination provisions. The ability of the Investment Adviser to source investment opportunities will also be in part dependent on the industry relationships of its key personnel. The Company cannot be sure that the Investment Adviser's relationships will be maintained (whether as a result of changes in key personnel of the Investment Adviser or otherwise), or that these relationships will assist the Company in making suitable investments on financially attractive terms. The death or departure of any of these key personnel from the Investment Adviser without adequate replacement may have a material adverse effect on the Company's business prospects and results of operations. Accordingly, the ability of the Company to achieve its investment objective depends heavily on the experience of the Investment Adviser's team, and more generally on the ability of the Investment Adviser to attract and retain suitable staff. The Board will have broad discretion to monitor the performance of the Investment Manager (including in connection with the Investment Manager's supervision of the Investment Adviser), or to appoint a replacement investment manager, but the performance of the Investment Manager and the Investment Adviser, or that of any replacement, cannot be guaranteed.

The due diligence process the Investment Adviser plans to undertake in evaluating specific investment opportunities for the Company may not reveal all facts that may be relevant in connection with an investment and any corporate mismanagement, fraud or accounting irregularities may materially affect the integrity of the Investment Adviser's due diligence on investment opportunities

When conducting due diligence and making an assessment regarding an investment, the Investment Adviser will be required to rely on the resources available to it, including internal sources of information as well as information provided by existing and potential investment counterparties and other independent sources. Such information may be limited, inaccurate or incomplete.

Although the Investment Adviser will aim to evaluate all such information and data and seek independent corroboration when it considers it appropriate and reasonably available, the Investment Adviser will not be in a position to confirm the completeness, genuineness or accuracy of such information and data. The Investment Adviser is dependent upon the integrity of the management of the entities providing such information and of such third parties as well as the financial reporting process in general.

Furthermore, there can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise or that such information will be accurate and/or remain accurate in the period from the conclusion of the due diligence exercise until the making of the investment. The due diligence process is inherently subjective. As part of the due diligence process, the Investment Adviser will make subjective assumptions, estimates and judgments based on limited information regarding the value, performance and prospects of a potential investment opportunity.

Moreover, the Company can provide no assurances that the due diligence exercise will result in an investment being successful. Accordingly, due to a number of factors, the Company cannot guarantee that the due diligence investigation carried out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Any failure to identify relevant facts through the due diligence process may cause the Company (or the Investment Adviser on its behalf) to make inappropriate investment decisions, which may have a material adverse effect on the Company's business, financial condition, results or operations or the value of the Ordinary Shares.

The past performance of the Investment Manager and the Investment Adviser is not a guarantee of the future performance of the Company

The Company has presented certain information in this Prospectus regarding the past performance of the Blue Ocean Funds (being certain funds managed or advised by EnTrustPermal). The past performance of such funds is not indicative, or intended to be indicative, of future performance or results of the Company for several reasons.

For example:

- certain Blue Ocean Funds were established in 2017 and can demonstrate prior investment performance while the Company is newly-formed; and
- the Blue Ocean Funds include US private limited partnerships and Irish domiciled closed-ended funds, whereas the Company is a closed-ended UK investment trust.

Accordingly, there can be no assurance that the Company will have the same opportunities to invest in assets that generate similar returns to such other funds and their risk profile may be markedly different.

The services of EnTrustPermal are not exclusive to the Company and conflict of interest situations may arise

Neither the Investment Manager nor the Investment Adviser is required to accord exclusivity or priority to the Company in the event of limited investment opportunities or difficulties in allocating investment opportunities among the Investment Manager Clients and this may have an adverse impact on the Company's investment returns.

Because certain investment professionals of the Investment Adviser are the portfolio managers of the Company and other Investment Manager Clients, an absolute level of independent judgement as it relates to matters affecting the Company may be absent under certain circumstances. Situations may occur where the Company could be disadvantaged because of the investment activities conducted by the Investment Adviser for other Investment Manager Clients.

The services of the Investment Manager, the Investment Adviser and their respective officers and employees are not exclusive to the Company. Although EnTrustPermal has in place a conflicts of interest policy, in fulfilling its responsibilities to the Company it may be subject to certain conflicts of interest arising from its relations with third parties to whom it also owes duties or in whom it has an interest, as set out below.

The Investment Adviser may offer co-investment opportunities in circumstances where the size of a prospective investment is in excess of the amount the Investment Adviser determines is appropriate for the Investment Manager Clients to invest due to concentration concerns, risk considerations or other reasons. The Investment Adviser may have a conflict in determining the portion of the investment the Investment Manager Clients (including the Company) should retain for their own accounts and the portion that should be offered to other investors, including, without limitation, certain shareholders and funds and accounts managed by the Investment Adviser. It is anticipated that the offering of such co-investment opportunities will consist exclusively of Portfolio Investments with investment capacity exceeding the Investment Manager Clients' desired investment amount. The Investment Adviser has no obligation to afford priority to existing clients or investors in offering co-investments, nor to allocate a co-investment on a *pro rata* basis, and may offer the opportunity to strategic investors where the Investment Adviser determines it is appropriate to do so. With respect to any co-investment, the Investment Adviser will be entitled to determine the required minimum investment amount, if any, and the amounts, if any, of management fees, carried interest or transaction fees or other expenses that will be charged to such person co-investing with respect to such co-investment, which fees and carried interest shall not offset the Management Fee. There can therefore be no guarantee that the Company will be able to obtain an optimum level of participation in any such co-investment opportunity.

Unless the Investment Adviser determines in its reasonable business judgment that such investment, purchase or sale is appropriate, the Investment Adviser may refrain from directing the Company to make investments in, purchase or sell assets to or from (i) persons or entities of which the Investment Adviser, the Investment Manager, any of their Affiliates or any of their respective members, partners, officers, directors, investment managers, stockholders or employees are directors, officers, investment managers or general partners, (ii) persons or entities for which the Investment Adviser, the Investment Manager or any of its Affiliates act as an adviser or in any other capacity, or (iii) persons or entities about which the Investment Adviser, the Investment Manager or any of their affiliates have information which the Investment Adviser deems confidential or non-public or otherwise might prohibit it from advising as to the purchase or sale of assets in accordance with applicable law. If the Investment Adviser refrains from making such an investment, purchase or sale on behalf of the Company then the ability of the Company to make an optimal investment decision may be adversely affected.

The Investment Adviser, the Investment Manager, their affiliates and their respective shareholders, members, managers partners, directors, officers, employees, attorneys or agents may possess information relating to the Company's assets which is not known to the individuals at the Investment Adviser who are responsible for selecting or managing the Company's assets and performing the other obligations under the Investment Advisory Agreement or may be subject to confidentiality or other legal restrictions. Such persons will not be required (and may not be permitted) to share such information or pass it along to the Company or the Investment Adviser. None of the Investment Adviser, the Investment Manager, their affiliates and their respective shareholders, members, managers, partners, directors, officers, employees, attorneys and agents will have liability to the Company or any Shareholder for, and the ability of the Company's ability to make optimal investment decisions may be adversely affected by, failure to disclose such information or for taking, or failing to take, any action based upon such information.

The Investment Manager, the Investment Adviser or any directors, officers, employees, agents and affiliates or any of them or any investment fund or account advised or managed by any of them (each an "**Interested Party**") may be involved in other financial, investment or other professional activities which may on occasion give rise to conflicts of interest with the Investment Manager, the Company, a Shareholder, any Borrower or issuers of any Company assets or their affiliates or any other person or entity

provided that with respect to transactions of the aforementioned type, such transactions are in the best interests of the Shareholders and are carried out as if effected on normal commercial terms negotiated at arm's length and:

(a) a certified valuation of such transaction by a person approved by the Directors as independent and competent has been obtained; or

(b) execution is on best terms available on an organised investment exchange in accordance with their rules; or

(c) where the conditions at (a) and (b) are not practical, such transaction has been executed on terms which the Directors are satisfied conform with the principle that such transactions be carried out as if effected on normal commercial terms negotiated at arm's length.

EnTrustPermal shall maintain effective organisational arrangements and take all reasonable steps to avoid conflicts of interest in the performance of its duties, obligations and functions and, when they cannot be prevented, shall seek to identify, manage and monitor those conflicts of interest in order to seek to prevent them from adversely affecting the interests of the Company and the Shareholders and to ensure that the Company is fairly treated, but there can be no guarantee that conflicts of interest will be avoided at all times. If a conflict of interest does arise, the Company's investment decision making processes may be adversely affected and/or the terms on which an investment is made may be less favourable to the Company than would otherwise be the case.

The Investment Adviser, the Investment Manager or any of their affiliates, respective shareholders, members, managers, partners, directors, officers, employees, attorneys or agents may, amongst other things:

(a) serve as directors (whether supervisory or managing), partners, officers, employees, agent, nominees or signatories for the Company or any affiliate thereof;

(b) serve as a member of any creditors board or creditors committee with respect to any Company assets; and

(c) serve as originator, administrator, or lead agent with respect to any loan or other debt obligations all or a portion of which is included in the Company's assets.

Whenever such conflicts arise, EnTrustPermal shall endeavour to ensure that they are resolved fairly. Each such conflict will be fully disclosed to the Investment Manager who will, at all times, have regard to its obligation to act in the best interests of the Company or the Shareholders when undertaking any investments where potential conflicts of interests may arise. If such a conflict of interest does arise, however, the Company's investment decision making processes may be adversely affected and/or the terms on which an investment is made may be less favourable to the Company than would otherwise be the case.

The Investment Manager and/or the Investment Adviser may provide the same or similar services to any other person, legal or juridical, and the Investment Manager and the Investment Adviser shall not be liable to account for any profit earned from any such services.

EnTrustPermal may provide advice to certain investors as part of a customised arrangement reflective of such investor's particular objectives and overall profile. These investment vehicles established for such arrangements may or may not invest side-by-side (i.e., in parallel) with the Company. The agreements entered into with such investors may grant rights not offered to other investors. Such rights may include, without limitation, increased transparency (e.g., the right to receive reports on a more frequent basis or to receive reports that include information not provided to other investors), and such other rights as may be negotiated between EnTrustPermal and such investor. In addition, the fees and expenses paid by such investors may be less than those paid by other investors or by the Company and the investors in the Company. These customised arrangements may have an investment mandate which focuses on "special opportunity" investments and may, at times, compete with the Company for investment opportunities. There can be no guarantee that the Company will be treated in priority to such other investors and, if such "special opportunity" investments are not offered to the Company, then the Company's ability to generate investment returns may be adversely affected.

A failure of the Depositary to comply with applicable regulations could place financial instruments held by the Depositary to be at risk of becoming available to the Depositary's creditors on the Depositary's insolvency

Any financial instruments of the Company that are required to be held in custody pursuant to the AIFM Directive shall be held in custody with the Depositary and/or its sub-custodians. Cash and matured fiduciary deposits may not be treated as segregated assets and might therefore not be segregated from the Depositary's or sub-custodian's own assets in the event of the insolvency or the opening of bankruptcy, moratorium, liquidation or reorganisation proceedings of the Depositary its sub-custodian (as the case may be). In such circumstances, the Company may suffer an irrecoverable loss in respect of such assets which could have a material adverse effect on the Company's financial performance.

Risk of insolvency of banks holding the Company's cash

In the event of a bank's insolvency, cash held on deposit becomes an unsecured claim in the insolvency proceedings and must compete alongside the claims of other creditors for a limited pool of assets. Therefore, in the event that a bank holding the Company's cash became insolvent, the Company might not recover some or all of these amounts.

Cybersecurity risks

The Company and/or one or more or its service providers, including the Investment Manager, may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity.

A failure of or breach in cybersecurity ("**cyber incidents**") refers to both intentional and unintentional events that may cause the relevant party to lose proprietary information, suffer data corruption, or lose operational capacity. In general, cyber incidents can result from deliberate attacks ("**cyber-attacks**") or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g. through "**hacking**" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e. efforts to make network services unavailable to intended users). Borrowers may also be prone to cyber incidents.

Cyber incidents may cause disruption and impact business operations, potentially resulting in financial losses, interference with the ability to calculate the Net Asset Value, impediments to trading, the inability of Shareholders to subscribe for, exchange or redeem Shares, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

While the Investment Manager has established business continuity plans in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cyber incidents, there are inherent limitations in such plans, strategies, systems, policies and procedures, including the possibility that certain risks have not been identified. Furthermore, none of the Company, the Investment Manager and/or the service providers can control the cybersecurity plans, strategies, systems, policies and procedures put in place by Borrowers.

Risks related to the Ordinary Shares

The market price of the Ordinary Shares may fluctuate widely in response to different factors. The Ordinary Shares may trade at a discount to their Net Asset Value and there can be no assurance that the Ordinary Shares will be repurchased by the Company even if they trade at a price materially below their Net Asset Value

The market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company and may be subject to wide fluctuations in response to many factors, including, amongst other things, additional issuances or future sales of the Company's Ordinary Shares or other securities exchangeable for, or convertible into, its Ordinary Shares in the future, the addition or departure of Board members or key individuals at the Investment Manager and the Investment Adviser, divergence in financial results from stock market expectations, changes in stock market analyst recommendations regarding the

Company or any of its assets, the investment trust sector as a whole, the maritime industry and shipping sector and the lending and finance market, a perception that other market sectors may have higher growth prospects, general economic conditions, prevailing interest rates, legislative changes affecting investment trusts or investments in Debt Assets and Other Investments and other events and factors within or outside the Company's control. Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may materially adversely affect the market price for the Ordinary Shares. The market value of the Ordinary Shares may vary considerably from the Company's underlying Net Asset Value. There can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Ordinary Shares.

The Company has Shareholder approval, conditional on Admission, to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue immediately following Admission (and the Directors intend to seek annual (or, if required, more frequent) renewal of this authority from Shareholders) and subject to the requirements of the relevant provisions of the Listing Rules, with which the Company has undertaken to voluntarily comply, the Companies Act, the Articles and other applicable legislation, the Company may thus purchase Ordinary Shares in the market. The Company may decide to make any such purchases (and the timing of such purchases), provided that the Company will make such purchases if the Ordinary Shares trade at a sufficiently high discount for a prolonged period (on the basis described in Part IV of this Prospectus). Other than the foregoing, however, market purchases of Ordinary Shares are at the absolute discretion of the Directors and there can be no assurance that any purchases will take place. There can be no assurance that any such purchases will have the effect of narrowing any discount to Net Asset Value at which the Ordinary Shares may trade.

The UKLA has no power to enforce the Listing Rules against the Company and there can be no guarantee that, whilst the Ordinary Shares are traded on the Specialist Fund Segment, the Board will not exercise its discretion to alter the extent of its voluntary compliance with the Listing Rules. If the Board chooses to restrict further the Company's voluntary Listing Rule compliance in future, Shareholders would enjoy a lower level of protection under the Listing Rules than is set out in this Prospectus

The Specialist Fund Segment is a market for closed-ended investment companies employing more sophisticated structures and investment management remits and which are seeking professional, institutional and knowledgeable investors. Specialist Fund Segment securities are not admitted to the Official List and, accordingly, although the Company has decided to comply with certain of the Listing Rules as described in this Prospectus, the rights and protections set out in the Listing Rules (such as those relating to significant transactions and related party transactions) will not be guaranteed to be afforded to Shareholders as the UKLA will have no power to enforce the Listing Rules and their application is subject to the Board's discretion.

The market value of the Ordinary Shares could be adversely affected if a liquid market for the Ordinary Shares may fail to develop following Admission

Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. Prior to Admission, there has been no public market for the Ordinary Shares and there is no guarantee that an active trading market will develop or be sustained after Admission. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares may be adversely affected. Even if an active trading market develops, the market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company.

An investment in the Company should be considered as a medium to long-term investment. Shareholders who dispose of their investment over the short-term may achieve a lower return on their investment (or indeed incur a loss) as compared with Shareholders holding for the longer term.

The Company may in the future issue new Ordinary Shares or C Shares, which may dilute Shareholders' equity

Further issues of Ordinary Shares or C Shares may, subject to compliance with the relevant provisions of the Companies Act and the Articles, be made on a non-pre-emptive basis. Existing holders of Ordinary Shares may, depending on the level of their participation in the relevant share issue, have the percentage of voting rights they hold in the Company diluted.

The Company's ability to pay dividends will depend upon its ability to generate sufficient earnings and certain legal and regulatory restrictions

Subject to the requirement to make distributions in order to maintain investment trust status, any dividends and other distributions paid by the Company will be made at the discretion of the Board. Although the Directors will have the ability to pay dividends out of the reserve created by the cancellation of the Company's share premium account (conditional on Admission and the approval of the court for such cancellation), the payment of any dividends or other distributions that are derived from the Company's portfolio will depend on the Company's ability to generate realised profits, which, in turn, will depend on the Company's ability to acquire investments which pay dividends, its financial condition, its current and anticipated cash needs, its costs and net proceeds on sale of its investments, legal and regulatory restrictions and such other factors as the Board may deem relevant from time to time. As such, investors should have no expectation as to the amount of dividends or distributions that will be paid by the Company or that dividends or distributions will be paid at all.

The Ordinary Shares are subject to certain provisions that may cause the Board to refuse to register, or require the transfer of, Ordinary Shares

Although the Ordinary Shares are freely transferable, there are certain circumstances in which the Board may, under the Articles and subject to certain conditions, compulsorily require the transfer of the Ordinary Shares.

These circumstances include where a transfer of Ordinary Shares would cause, or is likely to cause: (i) the assets of the Company to be considered "plan assets" under the Plan Asset Regulations; (ii) the Company to be required to register under the Investment Company Act, or members of the senior management of the Company to be required to register as "investment advisers" under the Investment Advisers Act; (iii) the Company to be required to register under the US Exchange Act or any similar legislation, amongst others; or (iv) the Company to be unable to comply with its obligations under the Foreign Account Tax Compliance Provisions (commonly known as FATCA).

Risks related to regulation and taxation

The Company's financial performance and its ability to meet its investment objective is dependent on the Company's ability to satisfy the conditions required for the Company to qualify as an investment trust on a continuing basis

It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions under section 1158 of the Corporation Tax Act 2010 and the Investment Trust Regulations 2011 for it to be approved by HMRC as an investment trust. In respect of each accounting period for which the Company is an approved investment trust, the Company will be exempt from UK corporation tax on its chargeable gains. There is a risk that the Company does not receive approval of its investment trust status from HMRC or, having received such approval, the Company fails to maintain its status as an investment trust. In such circumstances, the Company would be subject to the normal rates of corporation tax on chargeable gains arising on the transfer or disposal of investments and other assets, which could adversely affect the Company's financial performance, its ability to provide returns to its Shareholders or the post-tax returns received by its Shareholders. In addition, it is not possible to guarantee that the Company will remain a non-close company, which is a requirement to maintain investment trust status, as the Ordinary Shares are freely transferable. The Administrator will monitor the ownership of the Ordinary Shares on an ongoing basis in order to determine whether the Company has become a close company. In the unlikely event that the Company becomes aware that it is a close company, or otherwise fails to meet the criteria for maintaining investment trust status, the Company will, as soon as reasonably practicable, notify Shareholders of this fact.

The level of the Company's returns to Shareholders could be adversely affected by taxation payable in any jurisdiction by the Company

The Investment Adviser may or may not take tax considerations into account in determining when the Company's Debt Assets and Other Investments should be sold or otherwise disposed of and may or may not assume certain market risk and incur certain expenses in this regard to achieve favourable tax treatment of a transaction.

The Company may be subject to tax (including withholding tax in respect of returns on its investments) under the tax rules of the jurisdictions in which it invests or which it may be deemed to do business. Although the Company will typically endeavour to minimise any such taxes where practicable to do so, this may affect the level of returns to Shareholders in any event.

The Company has not registered and does not intend to register as an investment company under the Investment Company Act and Shareholders will not have the protections provided under the Investment Company Act to Shareholders of Companies who have so registered

The Company is not, and does not intend to become, registered in the United States as an investment company under the Investment Company Act and related rules and regulations. The Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies.

As the Company is not so registered and does not plan to register, none of these protections or restrictions is or will be applicable to the Company. In addition, to avoid being required to register as an investment company under the Investment Company Act, the Board may, under the Articles and subject to certain conditions, compulsorily require the transfer of Ordinary Shares held by a person to whom the sale or transfer of Ordinary Shares may cause the Company to be classified as an investment company under the Investment Company Act. These procedures may materially affect certain Shareholders' ability to transfer their Ordinary Shares.

The assets of the Company could be deemed to be "plan assets" that are subject to the requirements of ERISA or Section 4975 of the Internal Revenue Code, which could restrain the Company from making certain investments, and result in excise taxes and liabilities

Under the current Plan Asset Regulations, if interests held by Benefit Plan Investors are deemed to be "significant" within the meaning of the Plan Asset Regulations (broadly, if Benefit Plan Investors hold 25 per cent. or greater of any class of equity interest in the Company) then the assets of the Company may be deemed to be "plan assets" within the meaning of the Plan Asset Regulations. After the Issue, the Company may be unable to monitor whether Benefit Plan Investors or investors acquire Ordinary Shares and therefore, there can be no assurance that Benefit Plan Investors will never acquire Ordinary Shares or that, if they do, the ownership of all Benefit Plan Investors will be below the 25 per cent. threshold discussed above or that the Company's assets will not otherwise constitute "plan assets" under Plan Asset Regulations. If the Company's assets were deemed to constitute "plan assets" within the meaning of the Plan Asset Regulations, certain transactions that the Company might enter into in the ordinary course of business and operation might constitute non-exempt prohibited transactions under ERISA or the Internal Revenue Code, resulting in excise taxes or other liabilities under ERISA or the Internal Revenue Code. In addition, any fiduciary of a Benefit Plan Investor or an employee benefit plan subject to Similar Law that is responsible for the Plan's investment in the Ordinary Shares could be liable for any ERISA violations or violations of such Similar Law relating to the Company.

The level of the Company's returns to shareholders could be adversely affected by changes in tax legislation or practice

Statements in this Prospectus concerning the taxation of Shareholders or the Company are based on UK tax law and published HMRC practice as at the date of this Prospectus. Any changes to the tax status of the Company or any of its underlying investments, or to tax legislation or published HMRC practice (whether in the UK or in jurisdictions in which the Company invests), could affect the value of investments held by the Company, affect the Company's ability to provide returns to Shareholders and affect the tax treatment for Shareholders of their investments in the Company (including the applicable rates of tax and availability of reliefs).

Prospective investors should consult their tax advisers with respect to their own tax position before deciding whether to invest in the Company.

FATCA and other tax information reporting regimes

TO ENSURE COMPLIANCE WITH UNITED STATES TREASURY DEPARTMENT CIRCULAR 230, EACH PROSPECTIVE INVESTOR IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US TAX ISSUES HEREIN IS NOT INTENDED TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY A

PROSPECTIVE INVESTOR FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH PROSPECTIVE INVESTOR UNDER APPLICABLE TAX LAW; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF TREASURY DEPARTMENT CIRCULAR 230) OF THE OFFER TO SELL SHARES BY THE COMPANY; AND (C) A PROSPECTIVE INVESTOR IN SHARES SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT ADVISOR.

On 18 March 2010, the US created an exchange of information, reporting and tax withholding regime under the 'Foreign Account Tax Compliance Act' regime, as modified by US Treasury regulations and subject to any future IRS or US Treasury regulations or official interpretations thereof, any applicable intergovernmental agreement between the United States and a non-U.S. government to implement these rules and improve international tax compliance, or any fiscal or regulatory legislation or rules adopted pursuant to any such agreement (collectively, "**FATCA**"). The aim is to combat tax evasion by preventing US persons using foreign entities to hide assets and income from the Internal Revenue Service (the "**IRS**"). Generally, FATCA requires foreign financial institutions ("**FFIs**") to either comply with an expansive reporting regime on the identity of their direct and indirect account owners or be subject to a 30 per cent. withholding tax on certain US source payments and, beginning on 1 January 2019, on the gross proceeds from the sale or other disposal of property which could produce US source dividends or interest payments.

An FFI can comply with FATCA by reporting information about financial accounts and ownership interests held by US taxpayers (or certain entities that are controlled by US taxpayers) to the IRS or to its applicable intergovernmental agreement ("**IGA**") jurisdiction.

The UK has agreed an IGA with the US, and has subsequently enacted implementing legislation (The International Tax Compliance Regulations 2015 (as amended) (the "**FATCA Regulations**")). Pursuant to the FATCA Regulations, UK FFIs are required to register with the IRS in order to obtain a 'Global Intermediary Identification Number' ("GIIN"), and undertake due diligence and report certain information to HMRC about their US account holders. By entering into the IGA, the UK has removed the risk of FATCA withholding on payments made to UK funds that comply with the UK Regulations. The Company will be an FFI and will register for a GIIN.

The Company's Ordinary Shares, in accordance with current HMRC published practice, comply with the conditions set out in the IGA to be "regularly traded on an established securities market" meaning that the Company does not have to report specific information on its Shareholders and their investments to HMRC. However, there can be no assurance that the Company will continue to be a FFI, that its Ordinary Shares will continue to be considered to be "regularly traded on an established securities market" or that it would not in the future be subject to withholding tax under FATCA or the IGA. If the Company becomes subject to a withholding tax as a result of FATCA or the IGA, the return on investment of some or all Shareholders may be materially adversely affected.

Since the enactment of FATCA, other jurisdictions have signalled their intention to enter into similar information exchange agreements. The Organisation for Economic Co-operation and Development has developed a global Common Reporting Standard (the "**CRS**") for multilateral exchange of information. The UK has implemented the CRS and so the Company will have to provide information about its Shareholders to HMRC under these rules. In December 2014, the EU formally adopted Council Directive 2014/107/EU to assist member states in combating tax evasion and fraud by extending the scope for the automatic exchange of information ("**DAC**"). Broadly speaking, DAC implements the CRS within the EU. For FATCA and the CRS, the 2018 reporting period will end on 31 December 2018, with reporting to HMRC by financial institutions for that period to take place by 31 May 2019.

As a result of FATCA (and the other FATCA-style agreements noted above), Shareholders may be required to provide certain information to the Company so that the Company can comply with its reporting obligations. In particular, Shareholders may be required to provide – and the Company may be obliged to disclose – details and information about Shareholders (and persons connected or associated with them) as may be required to enable the Company or any of its associates to comply with their obligations to any tax, regulatory or comparable authorities (including pursuant to FATCA or CRS) or where the Company believes that such disclosure is in the interests of the Company. Any failure to do so may result in such Shareholder being subject to adverse consequences.

Although the Company intends to comply with the rules imposed by FATCA and other FATCA-style agreements, the Company cannot guarantee that it will be able to satisfy its obligations under FATCA (and other information exchange regimes) and Shareholders are encouraged to consult their own tax advisors regarding the possible application of FATCA (and other information exchange regimes) to their investment in the Company.

Financial Transactions Tax

Certain countries within the EU ("**FTT jurisdictions**") are proposing to introduce a financial transaction tax ("**FTT**") on certain financial transactions which have a connection with an FTT jurisdiction. A financial transaction may be connected with an FTT jurisdiction where one party is established (or deemed to be established) in an FTT jurisdiction. One of the factors that may be taken into account is where the transaction is of a financial instrument used in an FTT jurisdiction. Many of the details relating to the FTT are still being discussed. If the FTT is implemented, it may have an impact on the economic returns to the Company.

The Base Erosion and Profit Shifting Project (the "BEPS Project")

The Organisation for Economic Co-operation and Development ("**OECD**") is currently undertaking a project, known as the BEPS Project, with the aim that jurisdictions should change their domestic tax laws and introduce additional or amended provisions in double taxation treaties. A number of jurisdictions, including the UK, have already implemented certain BEPS Project measures (for example, the UK has introduced anti-hybrid legislation and rules restricting the extent to which companies within the charge to UK corporation tax may obtain relief for interest expenses). In addition the UK has ratified the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ("**MLI**"), which is intended to facilitate the speedy introduction by participating states of double tax treaty-related BEPS Project recommendations.

Several of the areas of tax law on which the BEPS Project is focusing are potentially relevant to the ability of the Company to efficiently realise and/or repatriate income and capital gains from the jurisdictions in which they arise. Depending on the extent to and manner in which relevant jurisdictions implement changes in those areas of tax law, the ability of the Company to do those things may be adversely impacted. The implementation of the BEPS Project is likely to be a time of significant tax legislative changes for the OECD jurisdictions in which the Company may invest. These changes potentially include, for example, restrictions on interest and other deductions for tax purposes and/or restrictions on an entity's ability to rely on a double tax treaty (in particular, one of the features of the MLI is the introduction of a "principle purpose test" into certain double tax treaties, which may limit the ability of the Company and/or any SPVs to claim treaty relief). It is not clear precisely what impact there may be to the Company as a result of such changes. Depending on how the BEPS Project is implemented, any changes to tax laws, or double tax treaties based on recommendations made by the OECD in relation to the BEPS Project, may also result in additional reporting and disclosure obligations for Shareholders.

Prevention of the criminal facilitation of tax evasion

Two new United Kingdom corporate criminal offences for failure to prevent the facilitation of tax evasion ("**FTP offences**") have been created by the Criminal Finances Act 2017. The offences came into force on 30 September 2017. The FTP offences impose criminal liability on a company or a partnership (a "**relevant body**") if it fails to prevent the criminal facilitation of tax evasion by a "person associated" with the relevant body. There is a defence to the charge if the relevant body can show that it had in place "reasonable prevention procedures" at the time the facilitation took place.

In order to comply with the Criminal Finances Act 2017, the Company and/or the Investment Manager may require additional information from Shareholders or prospective investors in the Company regarding their tax affairs.

Risk relating to packaged retail and insurance-based investment products ("PRIIPs")

Investors should be aware that the PRIIPs Regulation requires the Company, as a PRIIP manufacturer, to prepare a key information document ("**KID**") in respect of the Ordinary Shares (and C Shares, if applicable). This KID must be made available by the Company to retail investors prior to them making any investment decision and is available on the Company's website at www.blueoceanplc.com The content of KID is highly

prescriptive, both in terms of the calculations underlying the numbers and the narrative, with limited ability to add further context and explanations, and therefore the KID should be read in conjunction with other material produced by the Company including the annual report and the Prospectus which are, or will be, available on the Company's website.

Future changes to the regime established under the Alternative Investment Fund Managers Directive could materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective

The AIFM Directive seeks to regulate alternative investment fund managers ("**AIFMs**") and imposes obligations on AIFMs in the EEA or who market shares in such funds to EEA investors. In order to obtain authorisation under the AIFM Directive, an AIFM needs to comply with various organisational, operational and transparency obligations, which may create significant additional compliance costs, some of which may be passed to investors in the alternative investment funds they manage ("**AIFs**") and may affect dividend returns.

An AIFM may only market an AIF to EU investors if it is authorised by a relevant EU regulator or complies with national private placement regimes. Therefore, Ordinary Shares can only be marketed by the Investment Manager to professional investors (within the meaning assigned to this term under the AIFM Directive) in the UK in accordance with Article 31 of the AIFM Directive (as implemented by Regulation 54 of the AIFM Regulations). The Investment Manager has filed with the FCA a notification pursuant to Article 31(2) of the AIFM Directive to market the Ordinary Shares to professional investors in the UK under the AIFM Directive.

The Investment Manager is an authorised AIFM, and is subject to the full requirements of the AIFM Directive. In the event that the Investment Manager is no longer able to be the AIFM of the Company and a suitable replacement cannot be found, the Company may be required to become authorised itself, rendering the Company a self-managed AIF under the AIFM Directive. This would place a significant cost and administrative burden on the Company, and may therefore reduce returns for investors.

Any regulatory changes arising from the AIFM Directive (or otherwise) that limits the Company's ability to market future issues of its Shares may materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company's business, financial condition, results of operations, Net Asset Value and/or the market price of the Ordinary Shares.

IMPORTANT INFORMATION

Prospective Shareholders should rely only on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than as contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Investment Manager, the Investment Adviser, the Administrator or JPMC or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Rules, the Listing Rules (to the extent that the Company has undertaken to voluntarily comply with such rules as set out herein) and the Disclosure Guidance and Transparency Rules, neither the delivery of this Prospectus nor any subscription made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to its date.

Prospective Shareholders must not treat the contents of this Prospectus or any subsequent communications from the Company, the Investment Manager, the Investment Adviser, the Administrator or JPMC or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

In connection with the Placing, JPMC or any of its affiliates acting as an investor for its or their own account(s) may subscribe for Ordinary Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this Prospectus to the Ordinary Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, JPMC or any of its affiliates acting as an investor for its or their own account(s). JPMC does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

If you are in doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, solicitor, accountant, legal or professional adviser or other financial adviser.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Productive Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any manufacturer (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares being the subject of the Placing and the Offer for Subscription have been subject to a product approval process, which has determined that such Ordinary Shares are: (i) compatible with an end target market of retail investors who understand, or have been advised of, the potential risk of investing in companies admitted to the Specialist Fund Segment and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing or the Offer for Subscription. Furthermore, it is noted that, notwithstanding the Target Market Assessment, JPMC will, pursuant to the Placing, only procure Placees who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group

of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

Data protection: Personal Data Collection Notice

When an application is made to subscribe for shares in the Company, the Company, the Administrator and/or the Registrar will collect data about the prospective Shareholder, such as the name of the Shareholder, their address, the number of shares they subscribe or wish to subscribe to, account details, and proof of identity, together with such other personal data as is required in connection with the administration of the prospective Shareholder's interest in the Company ("**Personal Data**"). This data will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company), the Administrator and/or the Registrar in accordance with applicable data protection legislation and regulatory requirements of the United Kingdom. It will be stored on the Company, the Administrator and/or the Registrar or other third party processor's computer systems and manually, and will be retained for as long as is necessary in order to administer the interests in the Company and for any period thereafter which is required in order for the Company to comply with its reporting obligations.

The Company is required by Data Protection Legislation to specify the purposes for which it will hold Personal Data. The Company, the Administrator and/or the Registrar (together with any third party, functionary, or agent appointed by the Company) will use and process such data for the following purposes:

- for or in connection with the holding of an interest in the Company, including processing Personal Data in connection with credit and money laundering checks on the prospective Shareholder;
- to communicate with the prospective Shareholder as necessary in connection with the proper running of the Company's business affairs and generally in connection with the holding of an interest in the Company;
- to provide Personal Data to such third parties as are or shall be necessary in connection with the proper running of the Company's business affairs and generally in connection with the holding of an interest in the Company or as Data Protection Legislation may require, including to third parties outside the United Kingdom or the European Economic Area (subject to the use of a transfer mechanism which is approved at the relevant time by the European Commission or any other regulatory body which has or acquires the right to approve methods of transfer of personal data outside the UK); and
- for the Company, the Administrator's and/or the Registrar's internal record keeping and reporting obligations.

The legal basis for processing Personal Data for the purposes set out above, is the legitimate interests of the Company, the Administrator and/or the Registrar in carrying out the business of the Company and administering the interests in the Company and/or (in some cases) that the processing is necessary for compliance with a legal obligation to which the Company, the Administrator and/or the Registrar is subject.

The Company is a data controller in respect of Personal Data and for the purpose of Data Protection Legislation. All prospective Shareholders whose Personal Data has been submitted in connection with an application for an interest in the Company have a right to:

- be told about the data that the Company, the Administrator and/or the Registrar hold about them and to receive a copy of the information that constitutes Personal Data about them, on request;
- request access to and rectification or erasure of Personal Data, restriction of processing concerning the prospective Shareholder, and the right to data portability (as set up in, and subject to limits imposed by Data Protection Legislation);
- withdraw consent to processing, to the extent that processing is based on consent; and

- lodge a complaint about processing with the UK data protection supervisory authority (the Information Commissioners Office).

If you wish to exercise any of these rights, or wish to contact the Company, the Administrator and/or the Registrar about your Personal Data, you should submit a written application to the Administrator and/or the Registrar at Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW.

Where a third party provides Personal Data about a prospective Shareholder to the Company, the Administrator and/or the Registrar, the third party represents and warrants to the Company, the Administrator and/or the Registrar, that it has collected and transferred such data to the Company, the Administrator and/or the Registrar, in accordance with Data Protection Legislation.

Regulatory information

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of this Prospectus may be prohibited in some countries.

Investment considerations

The contents of this Prospectus are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment decisions or any other matter. Prospective investors must inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply to them as a result of the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's investment objectives will be achieved.

It should be remembered that the price of the Ordinary Shares, and the income from such Ordinary Shares (if any), can go down as well as up.

This Prospectus should be read in its entirety before making any investment in the Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles which investors should review. A summary of the Articles is contained in Part VIII of this Prospectus under the section headed "Articles of Association".

Forward looking statements

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company and the Directors concerning, amongst other things, the investment strategy, financing strategies, investment performance, results of operations, financial condition, prospects and the dividend policies of the Company and the assets in which it will invest. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. There are a number

of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward- looking statements. These factors include, but are not limited to, changes in general market conditions, legislative or regulatory changes, changes in taxation regimes or development planning regimes, the Company's ability to invest its cash and the proceeds of the Issue in suitable investments on a timely basis and the availability and cost of capital for future investments.

Potential investors are advised to read this Prospectus in its entirety, and, in particular, the section of this Prospectus entitled "Risk Factors" for a further discussion of the factors that could affect the Company's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Prospectus may not occur or may not occur as foreseen.

These forward-looking statements speak only as at the date of this Prospectus. Subject to its legal and regulatory obligations (including under the Listing Rules (to the extent that the Company has undertaken to voluntarily comply with such rules), the Prospectus Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the Takeover Code), the Company expressly disclaims any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Nothing in the preceding three paragraphs should be taken as limiting the working capital statement in paragraph 10 of Part VIII of this Prospectus.

Presentation of financial information

The Company is newly formed and as at the date of this Prospectus has only commenced limited operations and has no assets or liabilities, and therefore no statutory financial statements have been prepared as at the date of this Prospectus. All future financial information for the Company is intended to be prepared in accordance with IFRS. In making an investment decision, prospective investors must rely on their own examination of the Company from time to time and the terms of the Issue.

Presentation of industry, market and other data

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Company's business and the track record of the Investment Manager contained in this Prospectus consists of estimates based on data and reports compiled by professional organisations and analysts, information made public by investment vehicles currently managed by the Investment Manager, or data from other external sources and on the Company's, the Directors' and Investment Manager's knowledge. Information regarding the macroeconomic environment has been compiled from publicly available sources. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Company to rely on internally developed estimates. The Company takes responsibility for compiling, extracting and reproducing market or other industry data from external sources, including third parties or industry or general publications, but none of the Company, the Investment Manager or JPMC has independently verified that data. None of the Company, the Investment Manager or JPMC gives any assurance as to the accuracy and completeness of, and takes no further responsibility for, such data. Similarly, while the Company believes its and the Investment Manager's internal estimates to be reasonable, they have not been verified by any independent sources and the Company cannot give any assurance as to their accuracy.

Currency presentation

Unless otherwise indicated, all references in this Prospectus to "GBP", "pounds sterling", "£", "pence" or "p" are to the lawful currency of the UK, and all references in this Prospectus to "US$" or US dollars are to the lawful currency of the US.

Governing law

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales.

Website

The contents of the Company's website, www.blueoceanplc.com, do not form part of this Prospectus. Investors should base their decision whether or not to invest in the Ordinary Shares on the contents of this Prospectus alone.

Notice to prospective investors in the European Economic Area

As at the date of this Prospectus, the Ordinary Shares have not been registered under the securities laws, or with any securities regulatory authority of, any member state of the EEA other than the United Kingdom and subject to certain exceptions or registration for marketing being filed, the Ordinary Shares may not, directly or indirectly, be offered, sold, taken up or delivered in or into any member state of the EEA other than the United Kingdom. The distribution of this Prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

Notice to prospective investors in Hong Kong

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Issue. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

The Company is not authorised by the Securities and Futures Commission in Hong Kong. The Ordinary Shares may not be offered or sold in Hong Kong by means of this Prospectus or any other document other than in circumstances which do not constitute an offer to the public for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong or any other applicable legislation in Hong Kong. This document is distributed on a confidential basis and may not be reproduced in any form or transmitted to any person other than the person to whom it has been sent. No Ordinary Shares will be issued to any person other than the person to whom this Prospectus has been sent.

Notice to prospective investors in Guernsey

The Ordinary Shares may only be promoted in or from within the Bailiwick of Guernsey by persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) (the "**POI Law**"). Persons appointed by the Company and not licensed may not promote the Company in Guernsey to private investors and may only distribute and circulate any document relating to the Ordinary Shares in Guernsey to persons regulated as licensees under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Businesses (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000, and provided that the provisions of Section 29(1)(cc) of the POI Law are satisfied. Promotion of the Shares in Guernsey may not be made in any other way.

Notice to prospective investors in Jersey

The offering of Ordinary Shares is "valid in the United Kingdom" (within the meaning given to that expression under Article 8(5) of the Control of Borrowing (Jersey) Order 1958 (the "**Jersey COBO**") and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom. The Company has no "relevant connection with Jersey"for the purposes of Articles 8(7) and 8(8) of the Jersey COBO. Accordingly, the consent of the Jersey Financial Services Commission under Article 8(2) of the Jersey COBO to the circulation of this Prospectus in Jersey is not required and has not been obtained.

VOLUNTARY COMPLIANCE WITH THE LISTING RULES OF THE UKLA

Application will be made for the Ordinary Shares to be admitted to the Specialist Fund Segment pursuant to the Admission and Disclosure Standards, which sets out the requirements for admission to the Specialist Fund Segment. A listing on the Specialist Fund Segment affords Shareholders a lower level of regulatory protection than that afforded to investors in securities that are admitted to the Official List.

The Company will be subject to the Admission and Disclosure Standards and certain provisions of the Disclosure Guidance and Transparency Rules whilst traded on the Specialist Fund Segment. Moreover the Directors have resolved that, as a matter of good corporate governance, the Company will voluntarily comply with the following provisions of the Listing Rules, should Admission be granted.

- The Company is not required to comply with the Listing Principles and/or the Premium Listing Principles set out at Chapter 7 of the Listing Rules. Nonetheless, it is the intention of the Company to comply with the Listing Principles and the Premium Listing Principles from Admission.

- The Company is not required to appoint a listing sponsor under Chapter 8 of the Listing Rules. It has appointed the Administrator to guide the Company in understanding and meeting its responsibilities in connection with Admission and also for compliance with Chapter 10 of the Listing Rules (as and when they would be applicable to a Chapter 15 listed investment company) relating to significant transactions with which the Company intends to voluntarily comply.

- The Company is not required to comply with the provisions of Chapter 9 of the Listing Rules regarding continuing obligations. The Company intends however to comply with the following provisions of Chapter 9 of the Listing Rules from Admission: (i) Listing Rule 9.3 (Continuing obligations: holders); (ii) Listing Rule 9.5 (Transactions); (iii) Listing Rule 9.6.4 to Listing Rule 9.6.21 other than Listing Rule 9.6.19(2) and Listing Rule 9.6.19(3) (which are not relevant) (Notifications); (iv) Listing Rule 9.7A (Preliminary statement of annual results and statement of dividends); and (v) Listing Rule 9 8 (Annual financial report).

- The Company is not required to comply with the provisions of Chapter 11 of the Listing Rules regarding related party transactions. Nonetheless the Company has adopted the following related party policy (in relation to which the Administrator will guide the Company). The policy shall apply to any transaction which the Company may enter into with:

  (i) any "substantial shareholder" (as defined in Listing Rule 11.1.4A) (other than: (a) related party transactions with "substantial shareholders" under Listing Rule 11.1.5(2) regarding co-investments or joint provision of finance; or (b) issues of new securities in, or a sale of treasury shares of, the Company to "substantial shareholders" on terms which are more widely available, for example as part of an offer to the public or a placing to institutional investors);

  (ii) any Director;

  (iii) the Investment Manager; and

  (iv) any associate (as defined in the Listing Rules) of such persons,

  where (in each case) such transaction would constitute a "related party transaction" as defined in Chapter 11 of the Listing Rules (and subject in all cases to the exemptions provided for in Listing Rule 15.5.5). In accordance with its related party policy, the Company shall deal with such related party transactions, to the extent reasonably practicable, in accordance with Chapter 11 of the Listing Rules with appropriate modifications in relation to Chapter 11 requirements to provide information, confirmation and undertakings to the FCA. For the avoidance of doubt, investment in Qualifying Investments alongside Other Manager Investment Funds in accordance with the Company's investment policy shall not require Shareholder approval.

- The Company is not required to comply with the provisions of Chapter 12 of the Listing Rules regarding market repurchases by the Company of its Ordinary Shares. Nonetheless, the Company has adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2, as more particularly described in the section headed "Discount and premium management" in Part IV of this Prospectus.

- The Company is not required to comply with the provisions of Chapter 13 of the Listing Rules regarding contents of circulars. The Company intends however to comply with the following provisions of Chapter 13 of the Listing Rules from Admission: (i) Listing Rule 13.3 (Contents of all circulars); (ii) Listing Rule 13.4 (Class 1 circulars); (iii) Listing Rule 13.5 (Financial information in class 1 circulars); (iv) Listing Rule 13.7 (Circulars about purchase of own equity shares): and (v) Listing Rule 13.8 (Other circulars).

- The Company is not required to comply with the provisions of Chapter 15 of the Listing Rules (Closed-Ended Investment Funds: Premium listing). Nonetheless, the Company intends to comply with the following provisions of Chapter 15 of the Listing Rules from Admission: (i) Listing Rule 15.4.2 to Listing Rule 15.4.11 (Continuing obligations); (ii) Listing Rule 15.5 (Transactions); and (iii) Listing Rule 15.6 (Notifications and periodic financial information).

It should be noted that the UKLA will not have the authority to monitor the Company's voluntary compliance with the Listing Rules applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List of the UKLA nor will it impose sanctions in respect of any breach of such requirements by the Company.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All references to times in this Prospectus are to London time	*2018*
Latest time and date for receipt of Offer for Subscription Applications under the Offer for Subscription	3.00 p.m. on 16 October
Latest time and date for receipt of commitments under the Placing	11.00 a.m. on 18 October
RIS announcement of the results of the Issue	19 October
Commencement of dealings in the Ordinary Shares on the Specialist Fund Segment	8.00 a.m. on 23 October
CREST accounts credited in respect of Ordinary Shares in uncertificated form	as soon as practicable after 8.00 a.m. on 23 October
Despatch of definitive share certificates for Ordinary Shares (where applicable)	Week commencing 29 October

1. Times and dates are subject to change.

2. The Directors may, with the prior approval of the Investment Manager and JPMC, extend such date and thereby extend the Placing and/or the Offer for Subscription periods, to a time and date such that Admission occurs no later than 8.00 a.m. on 21 December 2018. If any such periods are extended, the Company will notify investors of such change by publishing an RIS announcement.

3. In respect of the Issue, prior to Admission there will be no dealings on a conditional basis.

ISSUE STATISTICS

Minimum Gross Proceeds	US$125 million
Issue price per Ordinary Share for the Issue	US$1.00
Minimum Net Proceeds	US$122.5 million
Expected unaudited Net Asset Value per Share on Admission	US$0.98

The target size of the Issue is US$250 million with the actual size of the Issue being subject to investor demand. The number of Ordinary Shares to be issued pursuant to the Issue, and therefore the amount of the Gross Issue Proceeds, is not known at the date of this Prospectus but will be notified by the Company via an RIS announcement prior to Admission. The Issue will not proceed if the Minimum Net Proceeds are not raised.

The Directors have reserved the right, in consultation with the Sole Bookrunner, to increase the size of the Issue to up to US$300 million if demand exceeds US$250 million of Gross Issue Proceeds. Any such increase will be announced through an RIS announcement.

Gregg Hymowitz, Chairman and Chief Executive Officer of EnTrustPermal and member of the Blue Ocean Executive Committee of the Investment Adviser, has indicated to the Company that an entity controlled by him intends to subscribe for, in aggregate, US$4 million of Ordinary Shares in the Issue (the "**GH Investment**"). The GH Investment will therefore be for an amount equal to 3.2 per cent. of the Minimum Gross Proceeds.

In addition, (i) EnTrustPermal Hedge Funds Opportunities Ltd., a fund managed on a discretionary basis by the Investment Manager has indicated to the Company that it intends to subscribe for US$2 million of Ordinary Shares in the Issue (the "**EnTrustPermal Fund Investment**"); and (ii) Omar Kodmani, Senior Executive Officer of the Investment Manager, has indicated to the Company that he or an entity controlled by him intends to subscribe for, in aggregate, US$1 million of Ordinary Shares in the Issue together with the GH Investment and the EnTrustPermal Fund Investment the "**Investment Manager Group Investments**".

The Investment Manager Group Investments will therefore, in aggregate, constitute an amount equal to 5.6 per cent. of the Minimum Gross Proceeds.

DEALING CODES AND LEGAL ENTITY IDENTIFIER

The dealing codes for the Ordinary Shares will be as follows:

ISIN:	GB00BFMN4099
SEDOL:	BFMN409
Ticker:	BMAR

The Company's Legal Entity Identifier is 213800921AHYMR48F205.

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors	David MacLellan Timothy Luckhurst Soha Gawaly *all of the registered office below*
Registered Office	Springfield Lodge Colchester Road Chelmsford Essex CM2 5PW Telephone: +44 (0)1245 398 950
Investment Manager and AIFM	EnTrustPermal Ltd. 12 St. James's Square London SW1Y 4LB
Investment Adviser to the Investment Manager	EnTrustPermal Partners Offshore L.P. 375 Park Avenue 24th Floor New York NY 10152 USA
Sole Bookrunner	J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP
Administrator and Company Secretary	Maitland Administration Services Limited Springfield Lodge Colchester Road Chelmsford Essex CM2 5PW
Registrar and Receiving Agent	Computershare Investor Services PLC The Pavilions Bridgewater Road Bristol BS13 8AE
Depositary	INDOS Financial Limited 54 Fenchurch Street London EC3M 3JY
English Legal Adviser to the Company	Travers Smith LLP 10 Snow Hill London EC1A 2AL
English Legal Adviser to the Sole Bookrunner	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF
Reporting Accountant	PricewaterhouseCoopers LLP 1 Embankment Place London SE1 2AQ
Anticipated Auditors	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX

PART I

INTRODUCTION TO THE COMPANY AND THE OPPORTUNITY

Introduction to the Company

The Company is a newly established, externally managed closed-ended investment company incorporated and registered on 10 August 2018 in England and Wales with an unlimited life. The Directors intend, at all times, to conduct the affairs of the Company so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended. The Company is targeting raising US$250 million by issuing Ordinary Shares pursuant to the Issue comprising the Placing and the Offer for Subscription. The Company's Ordinary Shares will be traded on the Specialist Fund Segment.

The Company is not authorised or regulated by the FCA or any other regulatory authority, but will, following Admission, be subject to the Listing Rules (to the extent that the Company has undertaken to voluntarily comply with such rules) and the Disclosure Guidance and Transparency Rules.

Investment objective

The Company will seek to generate long-term, sustainable shareholder returns, predominantly in the form of income distributions, from direct lending and similar financing opportunities to vessel owners and operators and other maritime businesses.

Investment highlights

The Company will target direct lending opportunities to vessel owners and seek to exploit the twin dislocation in the shipping and European banking sectors by serving as an alternative source of liquidity to those companies.

The investment strategy will focus on companies that are currently being underserved by traditional maritime lenders, including the provision of debt financing for small to medium sized privately-owned shipping companies. The Company will aim to offer investors steady, predictable cash flows, the inflation protection typically associated with real assets and a low correlation to equity and bond markets.

The Company will invest in asset-based financings secured by high-quality maritime assets, primarily by originating and/or investing (including through secondary purchases) in first lien loans secured by commercial ships. In addition, as set forth in, and subject to, the limits set out in the investment policy, the Company may opportunistically make junior or mezzanine debt or equity investments.

The Company will be managed by an experienced team with a strong track record

EnTrustPermal has a dedicated Blue Ocean investment team, which is focused on the shipping sector and led by Svein Engh who has over 30 years' experience in the industry. Utilising their strong relationships in the sector, the Blue Ocean investment team typically analyses 75 to 100 shipping finance opportunities per annum. As at 31 July 2018, in respect of the 23 investments made since the establishment of the Blue Ocean strategy in September 2016, which total US$301 million (at cost), the net asset value was US$296 million and portfolio distributions amounted to US$44 million. Based on the performance of the Blue Ocean Funds (as defined below) to date, the Company is anticipated to have a diversified portfolio of 10 to 12 investments, primarily first lien loans or bonds, within a 12 month period following Admission.

The Company's multi-sector approach to the shipping market promotes diversification of risk and allows the Company to target the most attractive shipping market sectors

The shipping industry is a trillion-dollar market, with approximately 85 per cent. of world trade being carried out by the global maritime industry. Shipping rates for vessels are driven by the supply and demand for each vessel type. As such, the rate environment across different sectors tends to be generally uncorrelated to global GDP, as well as returns in the equity and bond markets. As shown in the table below, the

correlation of the three Baltic indices and the Clarkson's Container Index to the S&P 500 and the BAML US High Yield Index has been extremely low. In addition, the correlations of these four shipping indices relative to each other have been very low.

The Company will focus on investing in all shipping sectors while seeking to maintain a countercyclical approach.

Correlation of the shipping industry (1 November 1999 -31 May 2018)

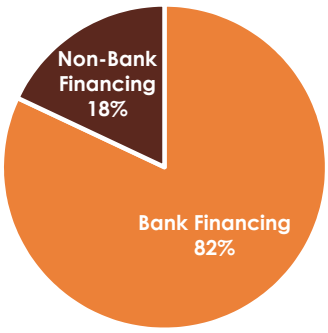
	Baltic Dry Index	Baltic Dirty Tanker Index	Baltic Clean Tanker Index	Clarksons Container Index	IMF World Real GDP	S&P 500	BAML US High Yield
Baltic Dry Index	1.00	0.48	0.46	0.65	(0.34)	(0.31)	(0.34)
Baltic Dirty Tanker Index		1.00	0.87	0.67	(0.54)	(0.39)	(0.53)
Baltic Clean Tanker Index			1.00	0.74	(0.62)	(0.48)	(0.61)
Clarksons Container Index				1.00	(0.53)	(0.39)	(0.50)
IMF World Real GDP					1.00	0.93	0.98
S&P 500						1.00	0.91

Sources: The Baltic Exchange, Clarksons Research, Bloomberg For illustrative purposes only. There is no guarantee that the Company's investment portfolio will be similar to any index in composition, performance and/or risk. Correlations based on monthly values. Since inception of the Baltic Dry Index (formerly the Baltic Freight Index) which came into operation on 1 November 1999. Past performance is not a guarantee of future results. Statements regarding current conditions, trends or expectations in connection with the financial markets or the global economy are based on subjective viewpoints and may be incorrect.

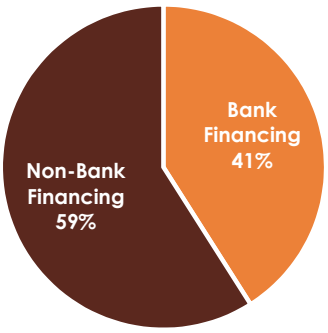
The withdrawal of bank lending to small-to-medium sized shipping companies has resulted in significant opportunities in which the Company can invest in order to achieve attractive risk-adjusted returns from high quality borrowers

European banks that historically provided over 80 per cent. of the industry's financing have significantly reduced their lending activities since 2008 due to regulatory changes (such as Basel III and the European Capital Requirements Directive IV) and competitive pressure in connection with the underlying assets.

2008 – Financing of Shipping Deals



2016 – Financing of Shipping Deals



Sources: Petrofin research, Marine Money.

The Investment Manager estimates that the shipping industry has a financing requirement of approximately US$80 billion per annum. The combination of the European debt crisis and prolonged down cycle in the shipping industry has greatly impacted the traditional ship lending banks' ability to deploy capital to the shipping sector and has resulted in the exit of numerous ship lenders from ship financing. Other active banks have gravitated towards large and publicly listed ship owners who offer more potential for cross-selling via capital markets and cash management products. As a result, bank lending to small and medium sized shipping companies (namely, companies operating approximately 5 to 40 vessels) has been curtailed at a time where there is need for capital in order for such companies to refinance, restructure or reorganise existing loans, or to enable vessel purchases.

In this context, it should be noted that the shipping industry is highly fragmented, with a large percentage of small and medium sized owners (for example, approximately 77 per cent. of the global dry bulk fleet was owned by small to medium sized owners as at 31 May 2018).

Owner Size	*Number of Owners*
Small	6,815
Medium	1,848
Large	1,102
Very Large	1,449
Total	11,214

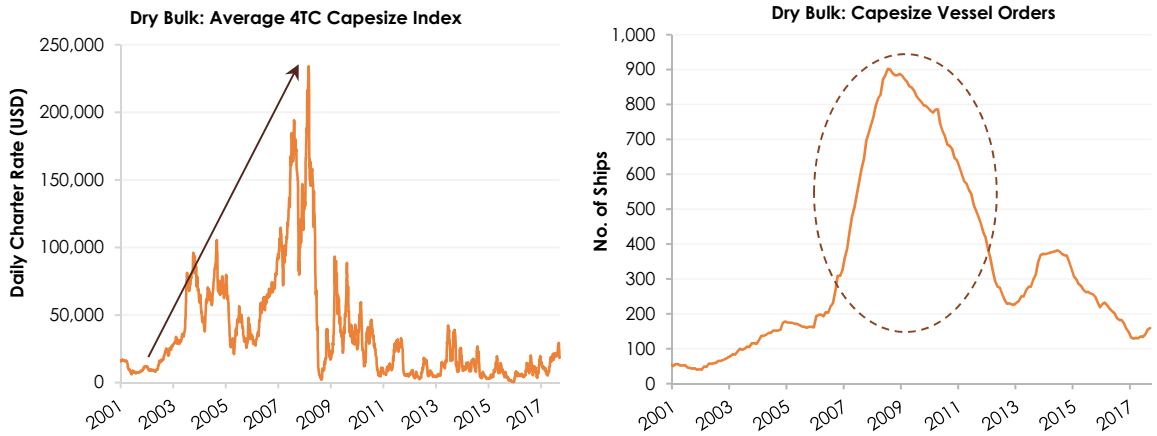
Source: Clarksons data as at 31 May 2018.

In addition to the existing capital shortfall, the withdrawal of the traditional European shipping banks could result in a further massive capital shortfall in debt financing over the next three to five years (notwithstanding the recent increase in ship financing provided by Chinese and other Asian banks), as small to mid-size company owners that ordered new ships during the boom cycle, as described below, will seek to refinance their loans. A material extent of the debt capital required by such companies will have to be supplied by other sources of financing than traditional lending banks, based on current lending levels. These alternative sources include leasing companies, export-import (EXIM) banks and investment funds such as the Company.

The recent downturn in shipping valuations has been a supply-led downturn with scrap values representing a significant percentage of the value of loans, thereby providing downside risk protection on loans made

Between 2006 and 2008, demand for global shipping increased rapidly to keep up with demand from the construction and commodity booms in emerging markets. For example, in October 2008, the orderbook for Capesize dry bulk carriers which transport iron ore and coal as a percentage of the global fleet on the water spiked to 118 per cent. compared to 14 per cent. between January 2000 and December 2005. From the mid 2000s onwards the containership and tanker segments expanded due to increased world trade and economic growth (for example, following the admission of China to the World Trade Organisation in 2001).

The 2006 to 2008 ordering boom was followed by the return of demand for seaborne transportation to more normal levels following the global financial crisis, and accordingly most shipping sectors have emerged out of the financial crisis oversupplied, pushing ship values and rates to historical lows. For example, Capesize vessel values fell by 78 per cent. from July 2008 to October 2017. Vessel values are currently at the low end of their historical ranges and scrap values make up a material portion of loan amounts. As such, the Blue Ocean Funds have often been able to structure new loans where the scrap value of the underlying security vessel covers a significant portion of the principal loan amount, which provides downside protection in the event of default.



Source: BDI, Clarksons Shipping Intelligence Network as of 31 December 2017.

Investment policy

The Company will seek to achieve its investment objective predominantly through exposure to Debt Assets (as defined below).

Subject to the restrictions set forth in this investment policy, and while the Company will predominantly invest in Debt Assets, the Company may also invest a portion of its assets from time to time in Other Investments (as defined below).

"**Debt Assets**" will comprise:

- *Senior Secured*

  Debt issued by an entity, which is secured as to repayment of principal and payment of interest by a first priority charge over some or all of such entity's maritime assets. Senior secured financings may also include asset leases (where the Company finances an SPV and the SPV owns and leases assets) when the Company determines there is limited residual risk on termination or conclusion of the lease.

- *Other Debt*

  Debt (for example mezzanine debt) that is issued by an entity in connection with maritime assets which is either not secured or is secured by a second lien on assets of the Borrower (as defined below).

  For this purpose "**Debt**" means loans, notes, bonds and other debt instruments, including convertible debt. For purposes of the investment restrictions below, it also includes warrants or other equity interests, if any, received in connection with (for example, stapled instruments) or as a consequence of (for example, due to a workout, refinancing or restructuring or mezzanine financing) investment in Debt Assets.

"**Other Investments**" comprises other forms of financing to maritime business owners and operators that are not Debt Assets including through joint venture vehicles or other equity financing, where the Company has a preferred position over the equity owners of the maritime business.

The Company will source investments in Debt Assets and/or Other Investments:

- from the entity owning or operating vessels in the maritime business (a "**Borrower**"); or
- in the secondary market,

through existing relationships of the Investment Manager (or one of its affiliates) or through banks or other third party intermediaries.

For so long as the Investment Manager (or one of its affiliates) remains the investment manager of the Company, the Company shall participate in all Qualifying Investments in which the Other Manager Investment Funds invest.

For these purposes:

"**Other Manager Investment Funds**" are Blue Ocean Onshore Fund LP and the Blue Ocean Fund (a sub-fund of EnTrustPermal ICAV), Blue Ocean Income Fund LP, and all other multi-investor funds pursuing substantially the same strategy and objective as the foregoing funds that are launched after admission of the Company's shares to trading and are managed or advised by the Investment Manager (or one or more of its affiliates within the EnTrustPermal group) in circumstances where the Investment Manager (or such affiliate) has investment discretion.

"**Qualifying Investments**" are all investments in which any of the Other Manager Investment Funds participate which are eligible investments in accordance with the Company's investment objective and policy, and for which the Company has sufficient available cash to participate, but excluding any investments made by the Other Manager Investment Fund(s) where (i) both (a) a majority of the Company's directors and (b) the Investment Manager have agreed that the Company should not participate or (ii) the Investment Manager determines in good faith that participation by the Company is unsuitable or impracticable due to legal, regulatory or tax consequences or restrictions.

The Company shall acquire its interests in each Qualifying Investment at the same time (or as near as practicable thereto) as, and on substantially the same economic and financial terms as, the relevant Other Manager Investment Fund.

Investment opportunities will generally be allocated as between the relevant Other Manager Investment Funds and the Company on a *pro rata* basis, based either committed capital or assets under management (as applicable, depending on the type of funds being considered), as further set forth (and subject to) the Investment Manager's allocation policy.

In addition, the Company may at any time make investments consistent with its investment policy independent from the Other Manager Investment Funds, subject to the Investment Manager's allocation policy.

Investment restrictions

The Company will observe the following restrictions when making investments in accordance with its investment policy:

- no more than 20 per cent. of the Company's gross assets (including cash) will be exposed to any single borrower (including any lessee) together with its parents, subsidiaries and/or sister subsidiary entities;
- no less than 70 per cent. of the Company's gross assets (including cash) will be invested, in aggregate, in senior secured financings and cash;
- no more than 20 per cent. of the Company's gross assets (including cash) will be invested, in aggregate, in Other Investments; and
- the maximum term of any investment will be 7 years.

Each of these investment restrictions will be calculated as at the time of investment.

Although not forming part of the investment restrictions of the Company, for the avoidance of doubt, where a Debt Asset involves multiple tranches of loans that may be funded at different points of time subject to the satisfaction of precedent conditions at the time each tranche is to be funded, the "time of investment" for these purposes will be the time when a tranche is funded by the Company. Unfunded tranches will not be considered for the purposes of complying with the investment restrictions. In the event that any of the above limits are breached as a result of the funding of a later tranche of loan in a Debt Asset acquired, the Company will take reasonable steps to reduce concentration, including if appropriate selling a portion of the relevant investment. In the event that any of the above limits are otherwise breached at any point after the relevant investment has been made (for instance, as a result of any movements in the value of the Company's total gross assets), there will be no requirement to sell any investment (in whole or in part).

There is no investment restriction on the domicile of the Borrowers.

The Company may hold its investments indirectly, including through one or more special purpose vehicles and in such cases, the investment restrictions will be applied on a look through basis based on the Company's actual *pro rata* investment exposure to the relevant investments.

The Company will not invest in other listed or unlisted closed-ended investment funds.

Leverage and borrowing limits

The Company may incur indebtedness of up to a maximum of 20 per cent. of its Net Asset Value, calculated at the time of drawdown, for investment and for working capital purposes. Where indebtedness is incurred for investment purposes, the Company will target repayment of such indebtedness within 12 months of it being drawn down provided that any failure to repay in whole or in part shall not constitute a breach of the investment policy.

Where the Company invests in Debt Assets or Other Investments indirectly (whether through special purpose vehicles as holding entities or otherwise), notwithstanding the previous paragraph, indebtedness in such holding entity will not be included in the calculation of indebtedness of the Company provided that the provider of such debt only has recourse to the assets of the holding entity and does not have recourse to the other assets of the Company or other unrelated investments made by the Company.

Cash management

The Company's uninvested capital may be invested in cash instruments or bank deposits for cash management purposes.

Hedging

The Company may, from time to time, enter into such hedging or other derivative arrangements as may be considered appropriate for the purposes of efficient portfolio management (including without limitation for interest rate hedging purposes) and managing any exposure through its investments to currencies other than the US dollar.

Dividend policy

Whilst not forming part of its investment policy, the Company will target a NAV total return to Shareholders of 8 per cent to 10 per cent. per annum over the medium term (based on the NAV as at the start of each financial period) (the "**Target NAV Total Return**").

Whilst not forming part of its investment policy, the Company will target dividends which equate to a yield of at least 3 per cent. per annum (equivalent) on the Issue Price in respect of the period from Admission to 31 December 2019, and at least 7 per cent. per annum on the Issue Price in respect of each subsequent year following 1 January 2020 (the "**Target Dividend**").

Subject to market conditions, applicable law and the Company's performance, financial position and financial outlook, it is the Directors' intention to declare dividends to Shareholders on a quarterly basis in each March, May, September and November in respect of the previous calendar quarter, to be paid in each April, June, October and December, respectively. The Directors anticipate declaring the Company's first dividend shortly after publication of the Company's audited financial statements for the period ending 31 December 2018, which is expected to be in March 2019.

Each of the Target NAV Total Return and the Target Dividend is a target only and not a profit forecast. There can be no assurance that either the Target NAV Total Return or the Target Dividend can or will be achieved from time to time or at all and it shall not be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not place any reliance on the Target NAV Total Return or the Target Dividend in deciding whether to invest in the Ordinary Shares or assume that the Company will make any distributions at all.

FCA requirements

The Company will voluntarily comply with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the FCA in relation to listed companies:

- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of the group as a whole;
- the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published investment policy; and
- not more than 10 per cent. of the Gross Assets at the time an investment is made will be invested in closed-ended investment funds which are listed on the Official List, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed closed-ended investment funds (noting that, in accordance with the Company's investment policy, no investment whatsoever, will be made in any listed or close-end investment funds).

The Directors do not currently intend to propose any material changes to the Company's investment policy, save in the case of exceptional or unforeseen circumstances. As required by the Company's voluntary compliance with certain of the Listing Rules, any material change to the investment policy of the Company will be made only with the approval of Shareholders.

In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the remedial actions to be taken by the Company through an RIS announcement.

PART II

MSI REPORT

Maritime Strategies International Ltd.
Ground Floor, 24 Southwark Bridge Road, London, SE1 9HF, UK

The Directors
Blue Ocean Maritime Income plc
Springfield Lodge
Colchester Road
Chelmsford
Essex
CM2 5PW

J.P. Morgan Securities plc ("**J.P. Morgan**")
25 Bank Street
Canary Wharf
London
E14 5JP

17 September 2018

ISSUE OF SHARES IN BLUE OCEAN MARITIME INCOME PLC
COMMENTARY REPORT ON THE SHIPPING MARKET

Dear Sirs,

We have been instructed by Blue Ocean Maritime Income plc (the "**Company**") to provide a report on the shipping market in connection with the issuance of ordinary shares of $0.01 each in the capital of the Company (the "**Shares**"), the admission of the Shares to trading on the Specialist Fund Segment of London Stock Exchange plc's Main Market ("**Admission**") and the prospectus to be issued by the Company in connection with Admission (the "**Prospectus**"). Our report is appended to this letter and is addressed to the Company and J.P. Morgan (our "**Report**").

Responsibility

Our Report has been prepared for inclusion in the Prospectus and may not be reproduced or used in connection with any other purposes without our prior consent. Save for any responsibility which we may have to these persons to whom our Report is expressly addressed and save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) as and to the extent therein provided, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability, to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with, our Report, required by and given solely for the purposes of complying with item 23.1 of Annex I of the Prospectus Directive consenting to its inclusion in the Prospectus.

Disclaimer

In providing our Report, we are not making any recommendations to any person regarding the Prospectus in whole or in part and are not expressing any opinion on the terms or merits of any investment in the Company. Prospective investors must rely upon their own representatives, including their own legal

advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Use of our Report is always bound by the terms and conditions of Maritime Strategies International Ltd as amended from time to time which are available at www.msiltd.com.

Maritime Strategies International Ltd ("**MSI**") has provided certain statistical and graphical information contained in our Report. MSI has advised that (i) some information in MST's database is derived from estimates derived from industry sources or subjective judgments, (ii) the information in the databases of other maritime data collection agencies may differ from the information in MSI's database, (iii) whilst MSI has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors, (iv) MSI, its agents, officers and employees cannot accept liability for any loss suffered in consequence of reliance on such information or in any other manner, and (v) the provision of such information does not obviate any need to make appropriate further enquiries.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f), we accept responsibility for the information within our Report and declare that we have taken all reasonable care to ensure that the information contained in our Report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I of the Prospectus Directive.

Consent

We consent to the inclusion of our Report and any extracts or references thereto in the Prospectus and the references to our name in the form and context in which they are included in the Prospectus.

Yours faithfully,

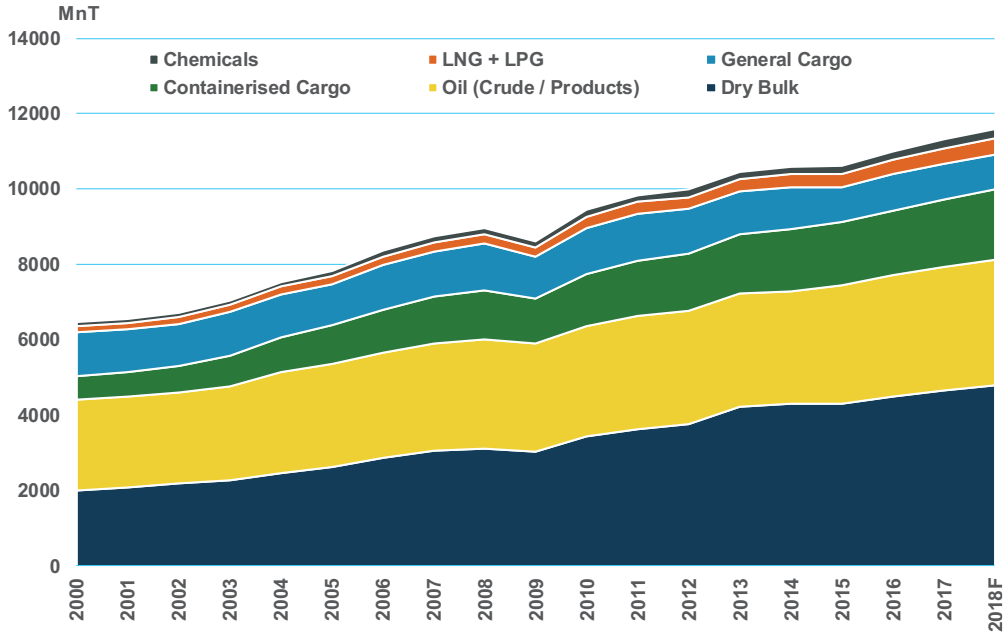
Stuart Nicoll
Director
Maritime Strategies International Ltd.

1.0 Shipping Market Overview

1.1 *Introduction*

The international shipping industry provides seaborne transportation for a wide range of different raw, semi-manufactured and manufactured goods and commodities. The mode of transportation depends on a number of different factors including the physical nature of the commodity (dry bulk, liquid, gaseous, unitised), the volume to be transported and the route from port of load to port of discharge. Chart 1A illustrates the relative size of the main commodity segments.

Chart 1A: Seaborne Trade by Main Commodity Segments



(Source: MSI)

1.2 *Employment and Freight*

Shipping markets are driven by geographical dislocations between sources of demand and sources of supply for commodities and manufactured products. This requires ships to move cargoes from one region to another. Shipowners influence the state of shipping markets through the construction of vessels (tonnage). When tonnage capacity broadly meets wider demand, the market is said to be balanced. Deficits and surpluses of tonnage are historically common features of shipping markets, where owners either fail to anticipate a need for additional capacity, or over-order vessels to meet demand that fails to materialise. Owners will (ostensibly) act in their own interest, and therefore collectively the market often over- or under-shoots its optimum capacity. The associated swings in freight rates and asset prices are typically referred to as shipping cycles, although the timing and amplitude of such 'cycles' are not regular.

The organisation, ownership and characteristics of merchant shipping varies considerably between sectors, which in turn influences relative earnings volatility. Whereas dry bulk and tanker shipping is primarily organised on a 'tramp' basis where ships are chartered 'spot' for individual voyages, container, car carrier and MPP vessels are typically operated as 'liner' ships, trading on scheduled, repeated, multi-port voyages with a larger proportion of cargo carried on a term contract basis.

Freight is the primary source of revenue to a shipping company and is paid when a customer charters a vessel for a specified period of time or to carry a specific cargo. The charter market is highly competitive as shipping companies compete on the offered freight rate, the location and the technical specification and quality of the vessel. Typically, the contractual agreement between the shipping

company and the customer (known as the charter party) is based on standard industry terms, which come in a number of different types:

- **Spot market:** the vessel earns income for each individual voyage.
- **Contract of affreightment (COA):** the vessel carries quantities of a specific cargo on a particular route or routes over a given period of time using vessels of the owners choice within specified restrictions.
- **Time charter (period charter):** the vessel is hired for a period of time, with the vessel owner being responsible for providing the crew and paying operating costs. The charterer is responsible for fuel and other voyage costs.
- **Bareboat charter:** the vessel owner charters the vessel to the charterer for a pre-agreed period and daily rate. The charterer is responsible for operating the vessel and for payment of operating costs and voyage costs.

1.3 ***Vessel Newbuilding Prices***

Newbuilding prices are primarily a function of demand for new ships and the availability of shipyard capacity to construct them, together with shipbuilding costs (steel, labour, outfitting/equipment and overheads). The decision to order new vessels can depend on a variety of different reasons:

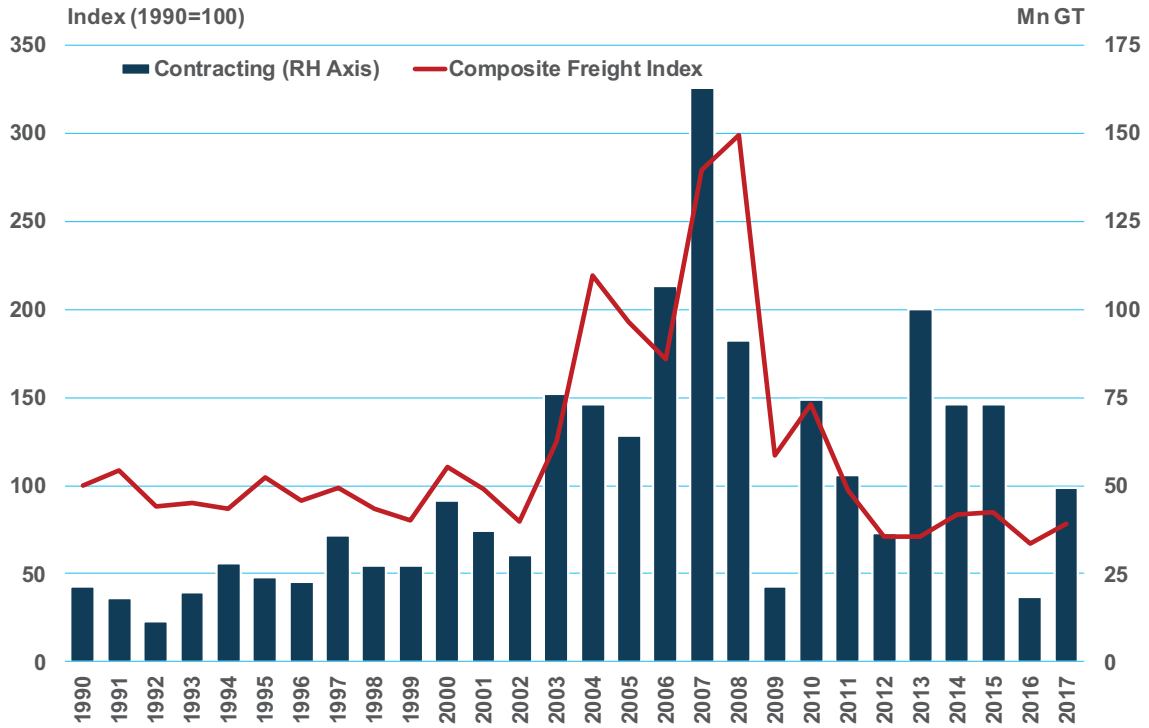
(a) **Cargo growth/earnings environment** – traditionally, one of the strongest motivations for ordering new vessels has been the state of the current market and future expectations for cargo demand, vessel supply and the earnings environment. During the six-year period from 2003 to 2008, we witnessed a step change in global newbuilding contracting as almost every shipping sector experienced an exceptionally strong cyclical upturn in both demand and earnings, as supply struggled to keep pace. Chart 1B illustrates the relationship between total newbuilding contracting which includes the commercial and the cruise/ferry sectors measured in gross tonnes (GT) and MSI's composite freight index for commercial vessels.

(b) **Tonnage replacement** – as a vessel approaches the end of its economic life, plans for its replacement will normally be made, either through ordering replacement tonnage or through purchasing more modern second-hand vessels. The economic life of a vessel varies between vessel types and sizes, with regulatory and technological aspects as well as prevailing market conditions, influencing the owner's decision of when to scrap a vessel.

(c) **Vessel design/obsolescence** – across all commercial sectors, high fuel prices in recent years combined with depressed earnings have prompted owners to seek out more fuel-efficient tonnage and to maximise cargo carrying capacity. Shipyards have marketed eco-ship designs promising substantial fuel savings. In addition, the constraints of the conventional vessel dimensions envelop has been stretched in order to increase cargo capacity, whilst the widening of the Panama Canal (completed in 2016) has also allowed for greater design flexibility. Changes to the regulatory environment can also render vessels obsolete as compliance may be out of reach for either technical or cost reasons.

(d) **Cargo interests** – vessels may be ordered by owners to meet future contractual requirements from cargo interests. This is particularly common in markets such as LNG or offshore exploration, where the cost of the assets is sufficiently high to limit speculative investment.

Chart 1B: Newbuilding Contracting and Freight Earnings Compared



(Source: MSI)

(e) **Vessel Prices** – newbuilding prices reached record highs in 2008 in response to several years of strong demand, and lead times from order to delivery more than doubled as shipyard capacity was stretched towards full utilisation. The onset of the economic crisis in late 2008 triggered a sharp correction in freight markets with newbuilding prices following suit as shipowners retrenched and order levels fell. By 2013, newbuilding price levels had come close to historical lows on an inflation adjusted basis. This, in combination with some of the factors listed above, was a significant contributory factor to high order levels in 2013-15 despite weak freight earnings, but the subsequent fall in contracting drove newbuilding prices down to new inflation-adjusted historical lows.

(f) **Government support** – governments in shipbuilding countries may support domestic shipyards during periods of reduced activity by directly or indirectly ordering vessels (for example, during 2013-14, a number of state-controlled companies in China have ordered vessels at Chinese yards, despite prevailing market oversupply). In addition, in recent years state export credit agencies in major shipbuilding nations have been actively supporting orders at domestic shipyards by foreign owners by providing financing. This has been particularly important as conventional syndicated bank lending has been constrained.

Shipbuilding costs can be broken down into four main components: steel, labour, outfitting/equipment and overheads. The distribution of these costs will vary considerably between vessel types. For example, outfitting and equipment costs will be considerably higher for cruise ships compared to conventional cargo ships. In addition, yard construction costs are confidential and extremely difficult to assess with any degree of accuracy.

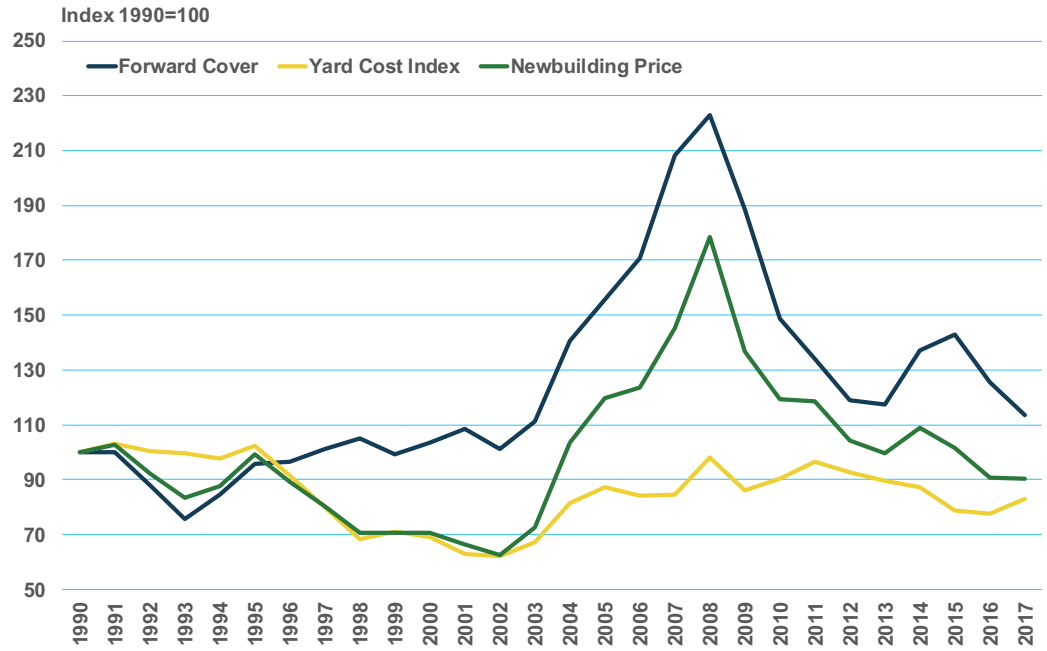
During the late 1990s many shipyards ran at or below cost and were only sustainable through support from government-backed subsidies. The deluge of contracting demand seen in the 2000s enabled shipyards to push up newbuilding contract prices in some sectors to double historical levels. Although there were also some increases in underlying costs, demand was such that shipyard profitability soared.

Steel prices are an important driver of vessel construction costs. From 2004 to 2008, steel prices rose sharply in response to high demand for steel, not just for shipbuilding but also for manufacturing and

construction. Labour costs also have a significant impact on shipyard competitiveness, and yards can mitigate these by reducing the time it takes to build a ship, for example by increasing automation, improving assembly processes and productivity. In a country with lower labour costs, the vessel construction process will often be more labour intensive.

MSI uses the concept of Forward Cover, defined as the ratio of the orderbook to capacity, to assess the balance between supply and demand in the shipbuilding industry. When the orderbook is 'long' relative to capacity – in other words near term berths are booked – yards can confidently raise their prices. When it is 'short' yards cut their prices to attract orders. There is a strong positive relationship between forward cover and the price mark-up over cost. Indeed, there appears to be a yard comfort zone of around 1.5 years forward cover, above which yards mark up prices significantly over costs. Chart 1C illustrates the relationship between forward cover, shipbuilding costs and prices.

Chart 1C: Global Forward Cover, Shipbuilding Costs and Newbuilding Price Indices



(Source: MSI)

At the height of the shipbuilding contracting boom witnessed during 2006 to 2008, yards were unable to keep pace with orders, even though capacity had increased rapidly. Whereas historically the period between placing a contract and taking delivery of a vessel was roughly 1.5 to 2 years (for standard commodity ships), this had doubled to 4 years by 2008. With cargo demand in almost every commercial shipping sector impacted by the economic crisis, the shipping industry as a whole was saddled with tonnage overcapacity. In addition, as the banking crisis impacted commercial lending, the availability of finance for shipbuilding projects became constrained. The combined effect of limited shipowner interest in newbuildings and limited availability of finance hit contracting levels. The effect on shipyard employment was not as immediate, however, as major shipbuilders had healthy orderbook backlogs. However, once these orderbooks began to be worked down, shipyard overcapacity became an issue, increasing competition for a reduced pool of newbuilding business, with newbuilding prices falling across the board.

1.4 *Vessel Scrap Prices*

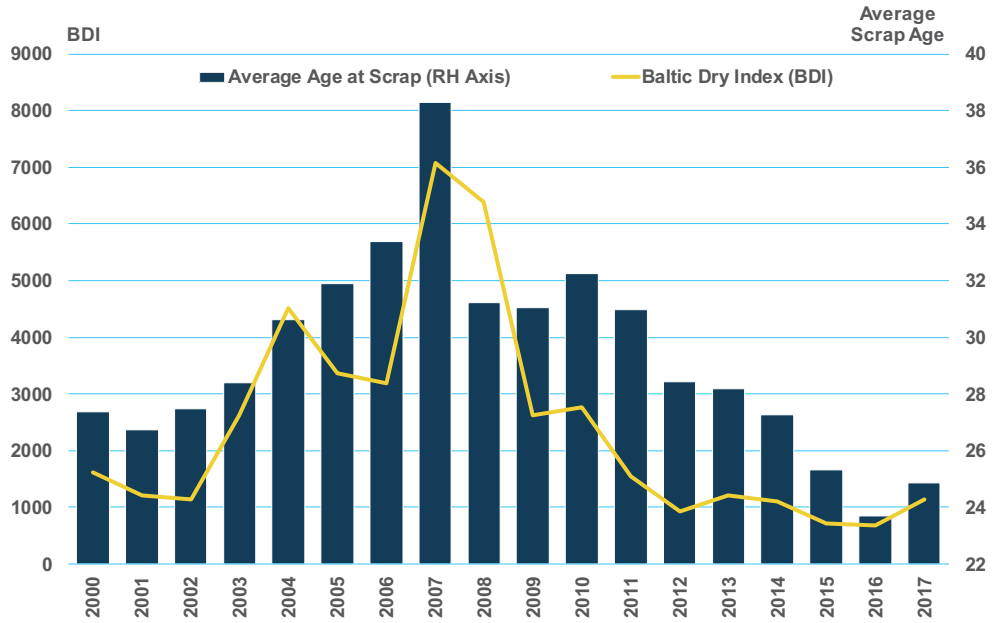
The residual scrap value of any ship effectively sets the floor to its resale value. The key drivers determining scrap prices have generally been self-evident and easy to identify. At one end of the spectrum, the ebb and flow of vessels to the demolition yards has traditionally moved inversely to scrap prices; at the other, the price of steel as well as those of competing feedstocks in the steelmaking process have determined the ceiling for scrap prices. However, whilst the relationship between scrap and steel prices remains strong, the correlation between ship scrap volumes and prices has been eroded over time as the availability of competing feedstocks and non-ship scrap has

expanded and the role of ship demolition volumes in determining ship scrap prices has become increasingly marginalised.

1.5 *Vessel Life Expectancy*

Vessel life expectancy can be divided into two categories: technical life expectancy and economic life expectancy. The technical life is the duration for which the vessel is physically able to trade effectively and efficiently, and typically exceeds the economic life expectancy, which is determined solely by the economic conditions – a vessel can be said to have reached the end of its economic life when a replacement can be operated at a lower overall unit cost once any loans or encumbrances have been settled. As Chart 1D illustrates using the bulk carrier sector as an example, there is a clear relationship between vessel earnings and the average age of vessels scrapped.

Chart 1D: Relationship between Vessel Earnings and Average Age of Bulkers Scrapped



(Source: MSI)

Life expectancy varies considerably from sector to sector as well as between size segments within specific sectors, depending upon the type of cargoes carried and tradelane deployment, the regulatory environment as well as the quality of vessel construction and the maintenance policy of the owner. Beyond the minimum expected life expectancy of a vessel, owners will also look at current and anticipated future earnings when deciding whether or not to scrap a vessel. These will need to be weighed against current and future vessel operating costs (including periodic dry docking and survey costs), particularly as repair and maintenance costs typically increase as vessels age, and older vessels are likely to earn a discount compared to modern vessels and have longer waiting time between employment periods.

Ship designs and shipbuilding practices are continually evolving through utilisation of the latest technology and materials, and as a consequence technical obsolescence can also play a role in determining the economic life of a vessel, as older vessels struggle to compete against modern tonnage. Changes to the regulatory environment can also render vessels obsolete, as compliance may be out of reach for either technical or cost reasons. Obsolescence can also be triggered by changes to port and canal infrastructure.

1.6 ***Secondhand Prices***

MSI identifies four key components that together determine the secondhand value of a vessel. These are:

a. **Replacement cost** – how much will it cost to order an identical vessel from a shipyard? Whilst this theoretically sets the ceiling for secondhand values, in exceptional market conditions the value of secondhand tonnage available for prompt delivery can breach this ceiling, as was the case during the most recent boom.

b. **Demolition price** – how much would the vessel fetch if it was sold for demolition today? This then sets the floor for secondhand values.

c. **Earnings environment** – what can the vessel realistically expect to earn in the current market? What can they realistically expect to earn in the future?

d. **Vessel specific factors** – the age, sales timing and condition determine the exact price for a particular asset.

The price differential between market ceiling and market floor offers ample room for resale prices to fluctuate in major orders of cyclical magnitude. Ships, like any other asset, are valued by markets on the basis of their anticipated earning power or, to be more precise, the discounted sum of their future net earnings stream. This, of course, is a prediction, which tends to change in response to changing expectations about future trading conditions, the anticipated length of a vessel's working life, etc. These expectations tend to be heavily influenced by recent experience and the strength and length of a current market cycle normally sets expectation levels. Hence, vessel resale prices are typically highest at the top of their earnings cycle and lowest at the bottom.

1.7 ***Vessel Operating Costs***

Vessel operating costs can vary considerably depending upon the size, nationality and fleet management policy of the operating company. MSI's operating cost assessments are based on best practice management for modern vessels, sailing under convenience flags with crew sourced from the developing world. Since information on costs is confidential, MSI has developed a database of minimum costs based on MSI's ongoing dialogue with owners / operators, MSI's annual operating cost surveys and third party reports.

Vessel operating costs are broken down into five distinct categories:

1. **Crew/Manning:** this encompasses all costs relating to crew employment including wages, overtime, pensions and social security, training, agency fees, clothing/uniforms, provisions and travel.

2. **Lubes and Stores:** although lubes and stores contain a wide range of items used in the vessel's operation (paints, ropes, greases, chemicals, etc), lubricating oils are by far the biggest single cost component. Lubricant costs are closely linked to oil prices and are therefore exposed to significant volatility, given the unpredictable nature of oil prices.

3. **Repair and Maintenance:** these costs include routine onboard maintenance carried out by the crew throughout the year, provisions for both the two-and-a-half year interim and five-year special surveys, as well as spare parts and provisions for unforeseeable costs that may crop up.

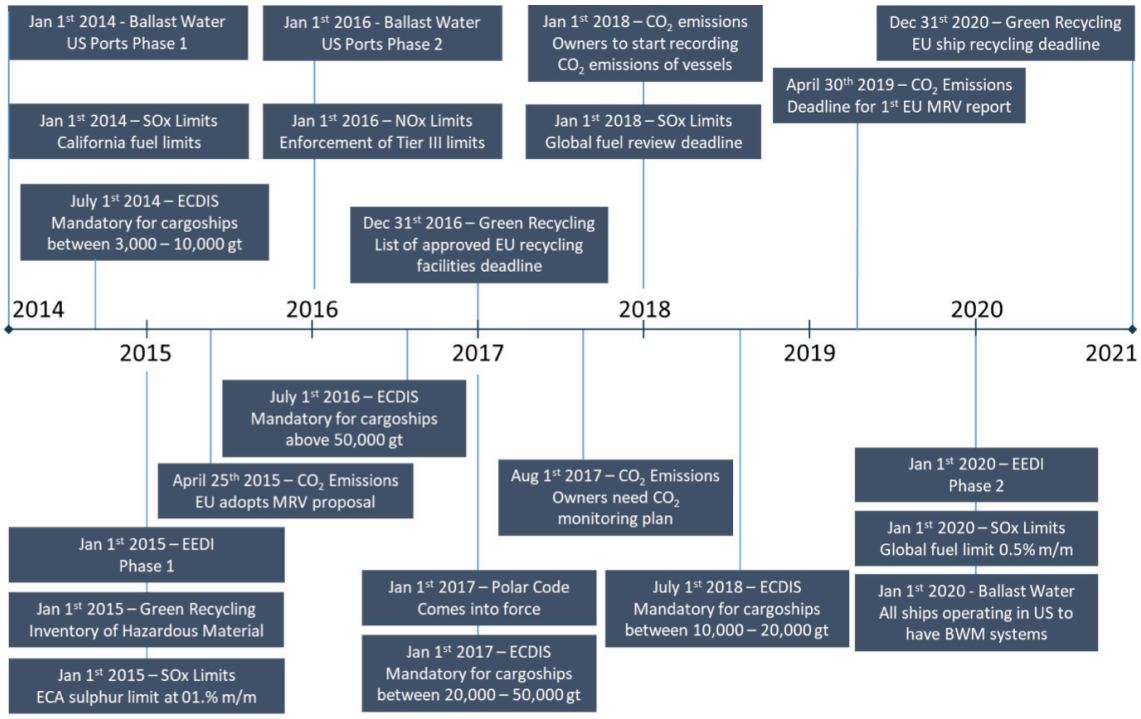
4. **Insurance:** the two types of insurance captured under vessel operating costs are Hull & Machinery (H&M) and Protection & Indemnity (P&I). Whereas marine insurers typically cover quantifiable risks relating to either the vessel (H&M) or the cargo (part of voyage costs), P&I insurance is arranged through mutual insurance associations (P&I clubs) that provide their members with cover for indeterminate risks such as third party liabilities.

5. **Administration/Overhead:** these costs relate specifically to financial management and other overhead costs and are typically shared across a fleet of vessels. The costs are therefore dependent upon both the size of the company and its geographic location.

1.8 ***Regulatory Development in the Shipping Industry***

Following increased awareness of the potential negative environmental impacts of emissions stemming from vessel operation, the industry is witnessing increased regulatory scrutiny. Chart 1E sets out the most significant of these changes since 2014.

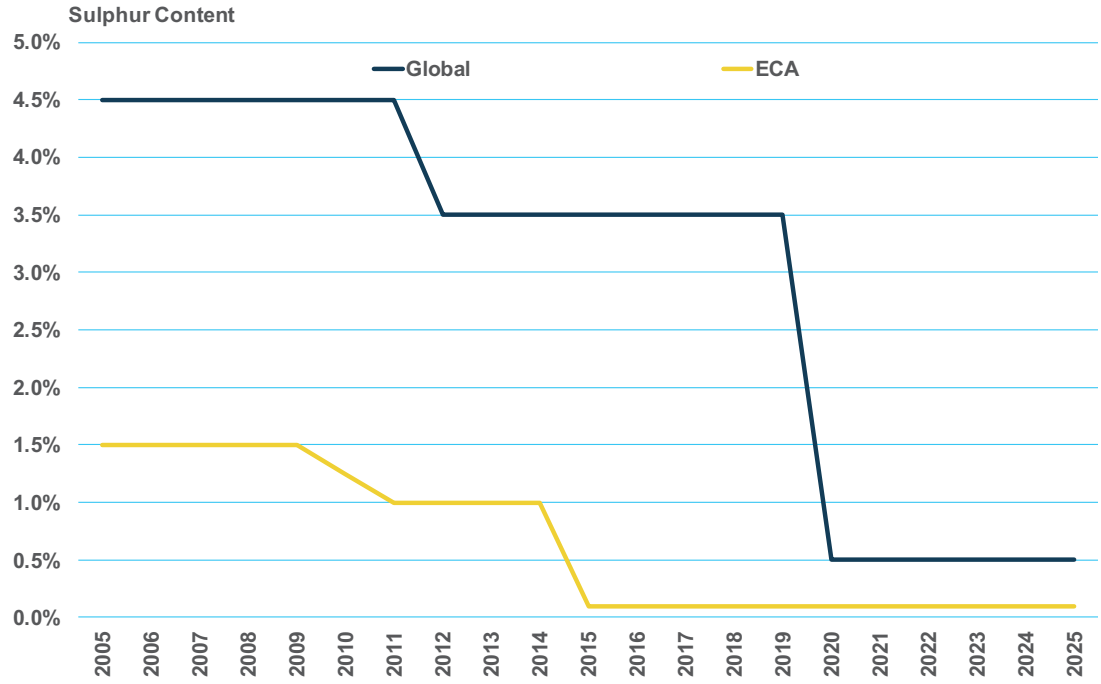
Chart 1E: Recent Regulatory Changes Affecting Shipping



(Source: MSI)

The simultaneous number and impact of new regulations affecting the industry in the next several years is perhaps without precedent. The key set of regulations, however, are those limiting the sulphur content (and thereby associated emissions) of marine bunker fuels. From 1 January 2020, there will be a global limit on the sulphur content of bunker fuels of 0.5 per cent. (as opposed to 3.5 per cent. at present), and MSI expects that this will substantially increase bunker fuel costs.

Chart 1F: Regulation of Vessel Emissions



(Source: MSI)

In some geographic areas (Emission Control Areas – ECAs), the limit is already 0.1 per cent. In these areas (the North Sea/Baltic and North American/Caribbean) vessels either burn low-sulphur fuel or use technology to reduce the sulphur emissions of bunker fuels. As standard marine bunker fuel (Heavy Fuel Oil – HFO) has a sulphur content above 0.5 per cent., ship operators will need to choose among a series of alternatives:

- Use low-sulphur compliant fuels.
- Install 'scrubber' systems to de-sulphurise exhaust fumes.
- Switch to LNG or other alternative fuel sources.

The impact of the IMO 2020 regulations on bunker fuel costs is highly uncertain and depends primarily on the interplay between a) investment in low sulphur fuel production by oil companies and b) the uptake of alternative fuel systems (LNG, scrubbers) by shipowners. In practice, MSI expects the large majority of vessels across merchant shipping sectors to switch in 2020 to burning either Marine Gasoil (MGO) or a blend of fuel oil and low-sulphur diesel oil. LNG fuel is only a viable fuel choice for a small number of ships that follow strict deployment routes and have access to LNG infrastructure – at the moment broadly limited to ferries. Fitting scrubbers is the only viable alternative to adopting low sulphur fuel for other vessels. MSI believes the impact of these regulations will be as follows:

- High fuel costs will make more efficient 'Eco' vessels more attractive to charterers, all else equal.
- Vessels with scrubbers fitted will, even after scrubber operation costs are accounted for, see far lower fuel costs than vessels burning low-sulphur fuel.
- The cumulative costs in the run-up and aftermath of 2020 will increase the incentive for owners to demolish elderly non-eco vessels rather than bear the expense of installing ballast water treatment systems and either installing scrubbers or absorbing higher fuel costs.

The Ballast Water Management Convention or BWM Convention is a treaty adopted by the International Maritime Organization (IMO) in order to help prevent the spread of potentially harmful aquatic organisms and pathogens in vessels' ballast water. From 8th September 2017, vessels must manage their ballast water so that aquatic organisms and pathogens are removed or rendered harmless before the ballast water is released into a new location. This will help prevent the spread of invasive species as well as potentially harmful pathogens.

There are two different standards for BWM as follows:

- **D-1 standard** requires vessels to conduct the operation at least 200 nautical miles from the nearest land and in water at least 200 metres deep; or in cases where the vessel is unable to conduct ballast water exchange in accordance with the above, as far from the nearest land as possible, and in all cases at least 50 nautical miles from the nearest land and in water at least 200 metres deep. In sea areas where the minimum distance and depth criteria cannot be met, the Parties to the Convention have the ability, within their waters, to designate BWE areas.
- **D-2 standard** specifies the acceptable level of organisms that may be found within discharged ballast water, including specified concentrations of indicator microbes harmful to human health.

Existing vessels must initially meet the D-1 standard, transitioning to the D-2 standard based on the date of the vessels' International Oil Pollution Prevention (IOPP) renewal survey, which must be undertaken at least every five years. The IMO has also introduced a stipulation that any vessel due an IOPP survey (usually coinciding with the special survey) after September 2019 cannot bring the survey forward of this date to avoid the fitting of a ballast water treatment system for an additional five years. For newbuildings, any vessel laid down on or after 8th September 2017 must comply with the D-2 standard when entering service.

There are costs associated with installing BWM systems, which vary depending on the vessel design and size, with retrofitting more expensive than including the equipment on a newbuilding, due to the additional pipework and space constraints typically involved.

2.0 Dry Bulk Sector

2.1 *Introduction*

The international dry bulk shipping industry provides seaborne transportation of dry bulk commodities for related industries. The most important of these commodities are iron ore and coal which together accounted for 58 per cent. of total trade in 2017. Coarse grains, wheat and soya accounted for a further 11 per cent. Other key cargoes, commonly referred to as minor bulks, include agricultural products (e.g. fertilisers), semi-finished steel products, forest products, metal ores, cement and a wide range of other minerals. In recent years there has been a substantial increase in the use of commodities transported in dry bulk carriers. In 2017, the amount of cargo transported by the industry was estimated to be 4.6 billion metric tonnes – an increase of 3.5 per cent. over the previous year and 52 per cent. higher than in 2007.

2.2 *Dry Bulk Demand*

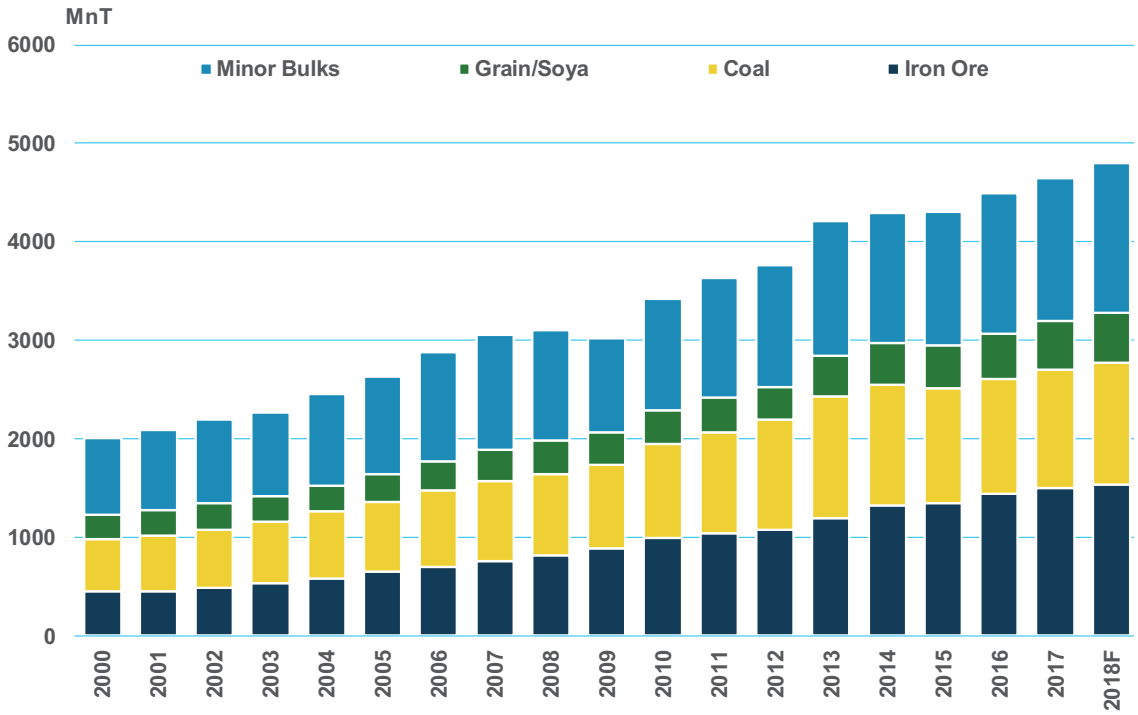
The amount of cargo transported in dry bulk carriers is governed by demand for the various commodities, which is affected by international economic activity, regional imbalances between domestic production and consumption, commodity prices and inventories. In addition to the volume of cargo, dry bulk carrier demand is driven by the distance required to transport it from commodity-producing locations to commodity-consuming destinations.

Seaborne trading distances for commodities are determined principally by the location of production and their efficient distribution for processing and consumption. To illustrate the importance of this, consider that a tonne of ore carried from Brazil to China generates roughly two to three times the demand for sea transport as the same amount of ore shipped from Australia. Trading patterns are sensitive both to major geopolitical events and to small shifts, imbalances and disruptions in all stages of production and processing through to end-use. Seaborne transportation distances are also influenced by infrastructural factors, such as the availability of canal 'shortcuts' and capacity at ports and inland distribution.

There has been an acceleration in trade since 2001, driven primarily by China's entry into the World Trade Organization which triggered a large increase in investment funds flowing into the country as foreign manufacturers sought to benefit from lower wage costs and the future prospects of a large consumer market. China's growth helped foster a wider rebound in the other Asian economies, particularly Japan, Korea and Taiwan. As a result, there has been substantial growth of dry bulk trade to and from the Pacific region for a number of key commodities. Between 1980 and 2000, seaborne

dry bulk trade grew by 2.5 per cent. per annum (CAGR), but the rate of expansion increased to 5.1 per cent. per annum (CAGR) during 2001-17. Chart 2A illustrates the historical seaborne trade in dry bulk commodities, with MSI's estimation for 2018.

Chart 2A: Dry Bulk Seaborne Trade by Commodity



(Source: MSI)

2.3 *Iron Ore*

Due to strong regional imbalances between the production and consumption of iron ore, trade plays a significant role in the disposition of iron ore. Of the major global iron ore consuming countries, only the United States, Brazil, Russia and India currently have adequate access to material produced domestically; China, Japan, most European and many other Asian countries import a large share of iron ore consumed.

Iron ore is a key commodity export for a few countries such as Australia and Brazil that produce volumes far in excess of domestic requirements to meet the demand from foreign importers. Around 52 per cent. of global iron ore produced is actually exported each year, compared with between 15 per cent. and 25 per cent. for coal and grains. Most of the world's iron ore is supplied by Australia and Brazil, which together accounted for almost 80 per cent. of global iron ore exports in 2017.

Iron ore is almost exclusively used in the production of steel. Two principal methods of steel manufacture dictate the quantity of iron ore consumed – the Basic Oxygen Furnace (BOF) method and Electric Arc Furnace (EAF) method. The former heats iron ore directly with coking coal and limestone to make crude steel, whilst the latter uses electricity to melt-down either scrap steel (using little or no iron ore) and/or Direct Reduced Iron (DRI – a reduced form of iron ore).

Steel demand varies from region to region, based principally on the intensity of steel use. Industrialising and urbanising regions will have a high steel use intensity based on the concentration of economic output on building infrastructure, factories and housing. Economies with high manufacturing share of output will also have higher steel use intensity. With very high steel use intensity, high BOF share and low cost of production, China dominates global steel production and iron ore consumption. In addition, China is not endowed with abundant, high quality domestic iron ore, and therefore also dominates global iron ore imports.

In recent years, iron ore exporters have benefitted from China's rapid expansion of steel production and rising substitution of low grade domestic ore with high quality imported ore. Seaborne trade has more than trebled since 2000, growing by over 7 per cent. per annum (CAGR) over the period 2001-17.

Table 2A: Iron Ore Exporters and Importers

MnT	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018F*
Major Exporters									
Australia	404	440	493	580	719	769	814	853	878
Brazil	311	348	327	330	344	366	374	388	382
Europe	118	127	135	135	136	126	113	115	118
Africa	59	64	78	93	102	84	78	84	87
Asia	119	85	64	70	39	26	58	61	68
Major Importers									
China	619	687	745	819	933	951	1,024	1,090	1,142
Japan	134	128	131	136	136	131	130	123	121
Other Asia	81	92	95	95	113	130	135	131	133
Europe	144	150	131	143	145	148	145	152	149

(Source: MSI)

2.4 ***Coal***

The two principal uses of coal are electric power generation and steel production. The former accounts for approximately 59 per cent. of global coal consumption, the latter for approximately 8 per cent. The remainder is used in a wide range of industrial, chemical and pharmaceutical processes.

The relatively low cost of developing and operating coal-fired power stations has supported coal demand growth in recent years, particularly in emerging Asian countries. This has more than offset a move away from coal in more developed countries, driven by more stringent environmental regulation at a time of sharp increases in energy consumption efficiency. One major driver of demand is India, where government policy to provide cheap electricity for the whole country has supported the construction of coal-fired power stations, some of which have been constructed in coastal locations in order to maximise cheap and efficient access to imported coal. This trend has further been augmented by increased coking coal consumption in Asia's fast expanding steel industries.

Unlike iron ore, China is well endowed with abundant reserves of high quality coal. Until 2008, China was a net exporter of coal, but infrastructure constraints for domestic coal transport in China pushed up local prices and opened a significant window for arbitrage trade, giving a major boost to imports and dramatically reducing exports. In just three years, China progressed from a net exporter of coal to the world's largest importer in 2011, overtaking Japan. Chinese coal imports peaked in 2013 at 327 MnT but have since partially retreated in response to government efforts to tackle pollution as well as trade-restrictive measures aimed at shoring up domestic prices and protecting Chinese miners.

Regional coal demand is principally related to both the share of electricity produced in coal fired plants (over other forms of energy such as oil, gas, nuclear and renewables), and steel production. Although the share of coal used for electricity generation has declined, increasing power demand in almost all regions of the world have led to strong growth trends in coal imports since 1990. Despite abundant domestic coal reserves, Indian coal imports have grown rapidly since 2005 to reach a peak of 238 MnT in 2014, due to struggling domestic production and a commitment to imports resulting from the construction of large coastal power projects designed specifically to utilise imported coal rather than domestic material. However, coal imports have since declined for three consecutive years to reach 187 MnT in 2017. This reversal stems in part from improvements in the domestic supply chain, with debottlenecking of state-controlled coal production and distribution reducing the call on imports.

Table 2B: Coal Exporters and Importers

MnT	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018F*
Major Exporters									
Indonesia	298	353	384	424	408	366	369	391	405
Australia	301	281	316	358	387	388	391	372	373
Russia	117	110	129	139	153	153	166	182	182
N America	107	130	148	144	122	97	84	119	127
Colombia	69	76	80	74	75	81	89	84	86
S Africa	71	69	76	73	76	77	75	83	84
Major Importers									
China	163	222	289	327	292	204	256	278	293
W Europe	196	216	243	252	252	246	221	215	202
Japan	185	175	184	196	188	190	189	190	194
India	146	136	164	189	238	216	200	185	187
S Korea	124	129	124	127	131	134	134	147	150
Other Asia	134	137	140	144	153	167	181	196	202

(Source: MSI)

2.5 ***Grains***

Grains are primarily used for direct human consumption or as feed for livestock. International trade fluctuates considerably. Grains have a long history of price volatility, government interventionism and weather conditions which strongly impact trade volumes. However, demand growth for wheat and coarse grains is fundamentally linked in the long term to population growth and rising per capita income. Food security and sustainability are central to government planning; with high energy content and low production cost, grains play an important role in this. Moreover, grains trade plays a crucial role for regions unable to sustain resident populations with domestic food output, such as Africa and the Middle East.

The fundamental dynamics of grains trade can be distinctly split into short-term and long-term dynamics. The former is principally driven by short-term weather patterns, often bringing about volatile trading conditions between the Northern Hemisphere summer harvest and the South Hemisphere summer harvest. Long-term trends are principally driven by population growth, grain usage trends and changing harvest areas and yields. Industrial use of grains is also gaining ground, recently for the production of biofuels. Grain stocks and prices also play an important role in stimulating grains production and trade.

Table 2C: Wheat and Coarse Grains Exporters and Importers

MnT	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018F*
Major Exporters									
USA/Canada	107	91	72	115	108	105	118	115	117
Russia/Ukraine	17	51	38	58	67	73	81	90	94
L America	45	71	61	51	70	57	81	78	77
Other Europe	41	44	42	59	64	66	55	52	57
Australia	24	32	25	26	24	23	33	23	25
Major Importers									
Asia	80	85	83	101	113	117	122	121	130
Africa	55	62	56	68	71	77	75	80	82
L America	47	53	46	53	51	60	61	63	62
Middle East	32	39	44	47	48	50	46	50	52
Europe	26	31	33	37	35	37	38	42	43

(Source: MSI)

Grains trade has been dominated by wheat and coarse grains including corn, barley, oats, millet and rye. In recent years, however, soybean and meal seaborne trade has expanded rapidly, from

just 75 MnT in 2000 to 196 MnT by 2017. Historically the US has been the main soybeans supplier to China, providing an average of 43 per cent. of China's imports between 2000 and 2012. Throughout this period, however, Brazil accounted for progressively increasing share. In 2013 the Brazilian share of imports took over from the US as the principal supplied to China, and in 2017 Brazil accounted for 53 per cent. of total Chinese soybean imports, with the US accounting for 34 per cent.

Table 2D: Soybean and Meal Exporters and Importers

MnT	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018F*
Major Exporters									
Brazil	44	51	55	61	65	70	77	89	90
USA	49	46	46	55	62	64	70	68	70
Argentina	37	33	31	33	39	40	38	34	35
Major Importers									
China	53	59	60	70	78	83	94	97	101
Other Asia	28	29	29	32	35	38	39	40	41
Europe	37	36	32	35	38	38	36	37	37

(Source: MSI)

Trade disputes between the US and China have been heavily publicised as pressing concerns for the grains market in recent months. The Chinese inclusion of soybeans in a blanket 25 per cent. tariff on various products imported from the US has supported demand from Brazil; with the USDA estimating a record crop this marketing year (121 MnT), Brazilian exports to China are set for a record of around 75 MnT. The problem for Chinese buyers is that they have little alternative but to buy US soybeans. The next largest producer after Brazil and the US is Argentina, and the USDA estimates their crop this year will be 57 MnT.

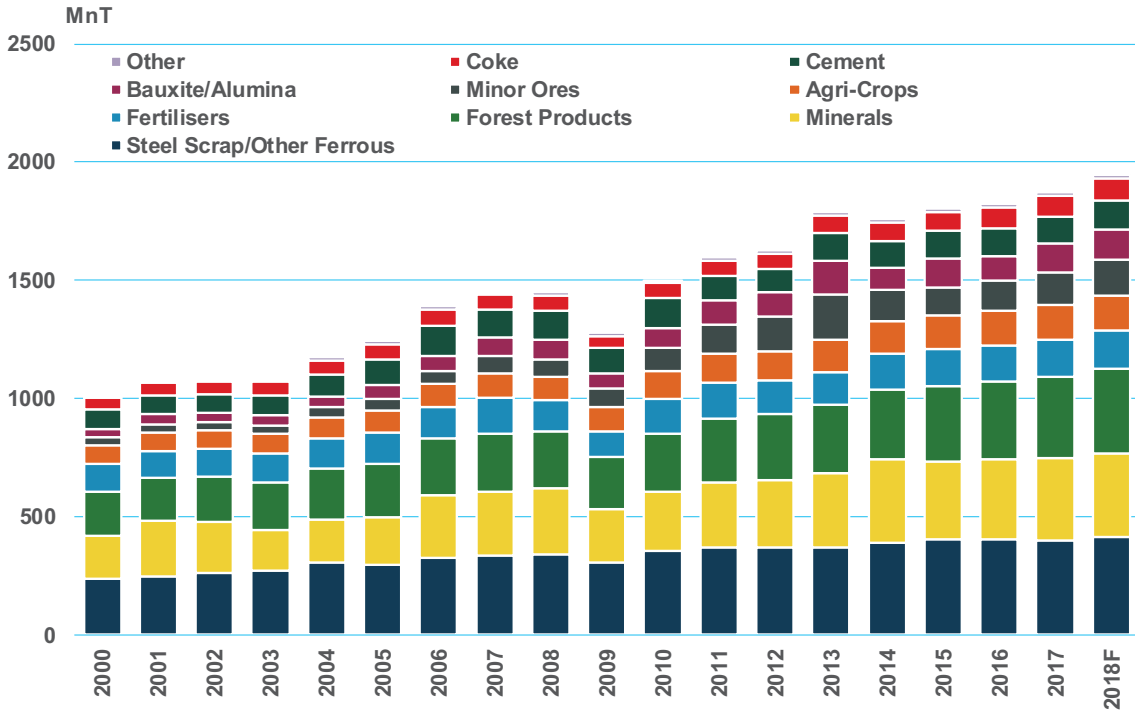
2.6 *Minor Bulks*

Minor bulks cover a wide range of commodities principally related to construction, industry, fuel and agriculture. Industrial goods and construction materials are tied to the economic cycle, whilst agricultural goods are affected by consumer preferences and weather, and raw materials and fuels are also determined by geographic natural resource imbalances.

With many of the world's construction projects situated in Asian locations lacking local supply of raw materials, sea transport of these commodities in small dry bulk ships will continue to be a vital link in the supply-chain for the region, and a vital source for growth in demand for smaller vessels. Europe and North America also import a significant share of minor bulks trade. Due to the disaggregated geographical distribution of raw commodities, no region is self-sufficient in minor bulk materials though and imports play an important role for most countries across the world.

Seaborne trade of minor bulk cargoes amounted to an estimated 1,874 MnT in 2017, of which approximately 77 per cent. was transported in bulk carriers. Overall, minor cargoes have grown at a compound annual average growth rate of 3.7 per cent. since 2000, led by steel and construction related materials.

Chart 2B: Total Minor Bulks Seaborne Trade by Commodity



(Source: MSI)

2.7 ***Dry Bulk Carrier Supply***

The supply of dry bulk shipping capacity is measured by the amount of suitable deadweight tonnes (Dwt) available to transport cargo. This depends on the aggregate tonnes of the existing world fleet, deliveries of newbuildings, scrapping of older vessels, and the number of vessels undergoing maintenance, repairs, inspection, or otherwise unavailable for use. The decision to order newbuildings or scrap older vessels is influenced by many factors, including prevailing and expected charter rates, newbuilding and scrap prices, expected time before delivery and government and industry regulation of seaborne transportation practices.

While there is no standard definition, dry bulk carriers are commonly categorised into size ranges as set out in table 2E.

Table 2E: Dry Bulk Carrier Fleet by Size Range as at end June 2018

Segment	*Dwt Size Range*	*Mn Dwt Capacity*	*Dwt % Share*	*No of Vessels*	*Vessel % Share*	*Primary Commodities Carried*
Handysize	10-40k	97.2	12%	3,303	25%	Minor bulks, grains
Handymax	40-65k	197.5	24%	3,666	27%	Minor bulks, grains, coal
Panamax	65-120k	220.9	27%	2,815	21%	Grains, coal, iron ore
Capesize	120k+	315.1	38%	3,666	27%	Iron ore, coal
Total		830.7	100%	13,450	100%	

(Source: MSI)

Although numerically most vessels fall into the Handysize and Handymax classes, the majority when measured by Dwt capacity are in the Panamax and Capesize segments. Whereas Panamax and Capesizes are typically gearless, the vast majority of Handysize/Handymax vessels are fitted with cranes which, along with their shallow drafts, make them extremely versatile and able to access

smaller ports with less sophisticated onshore facilities. As a result, trading patterns and cargoes for these types of vessel are highly diversified.

Table 2F: Top 10 Dry Bulk Carrier Owners Ranked by Dwt end

June 2018

Owner	*Nationality*	*Mn Dwt Capacity*	*Dwt % Share*	*No of Vessels*	*Vessel % Share*
China COSCO	China	30.1	3.6%	374	2.8%
NYK	Japan	19.3	2.3%	224	1.7%
Mitsui OSK Lines	Japan	16.2	2.0%	148	1.1%
K Line	Japan	14.6	1.8%	123	0.9%
Angelicoussis Group	Greece	9.7	1.2%	58	0.4%
Berge Bulk	Singapore	8.4	1.0%	43	0.3%
Fredriksen Group	Norway	8.1	1.0%	71	0.5%
Pan Ocean	S Korea	7.3	0.9%	59	0.4%
Oldendorff	Germany	7.2	0.9%	77	0.6%
Nissen Kaiun	Japan	7.1	0.9%	79	0.6%
Top 10 Total		128.0	15.4%	1,256	9.3%

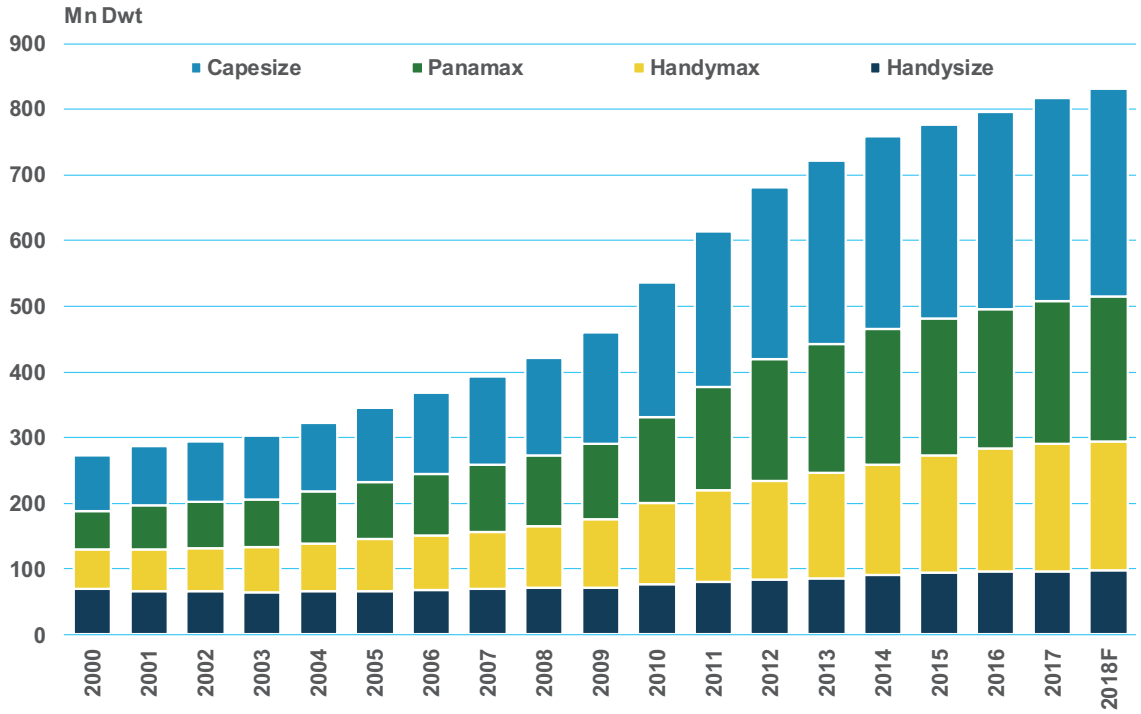
(Source: MSI based on Worldyards data)

Vessel designs have evolved over time, mainly to maximise vessel profitability. This has entailed both upsizing of vessel cargo-carrying capacity in line with modernisation of port and canal infrastructure, larger cargo stems and the drive to reduce shipment costs through greater scale economies, and also the development of new hull forms and propulsion systems to minimise fuel costs.

To place upsizing of cargo-carrying capacity into context, the capacity of a typical Handysize bulker constructed in the 1980s was under 30,000 Dwt; through the 1990s and 2000s this increased to around 30-35k Dwt, and more recent designs since 2013 have approached 38k Dwt. The Dwt capacity upsizing in Handymax bulkers has been more pronounced, with typical designs in the 1980s and 1990s around 40-45k Dwt, rising sharply to 53-57k Dwt in the mid-2000s. These latter vessels are referred to as Supramax vessels; since 2013/14 even Supramax vessel designs have now been superseded by a new generation of 60-65k Dwt vessels referred to as Ultramax. Similarly, the older 65-75k Dwt Panamax vessel designs have been superseded by 85k Dwt Kamsarmax vessels, and 170-185k Dwt Capesize vessels are now being partly superseded by 205-210k Dwt Newcastlemax vessels.

Between 1980 and 2001, the dry bulk carrier fleet doubled in size, growing by 3.5 per cent. per annum (CAGR). The subsequent acceleration in trade growth prompted significant investment in new vessel orders, particularly during the period 2006-08 when almost 300 Mn Dwt was ordered over a period of just three years, with additional shorter bursts of higher newbuilding contracting in 2010 and 2013-14. As a result, the dry bulk carrier fleet grew by 6.2 per cent. per annum (CAGR) during 2003-08, before accelerating to grow by 7.6 per cent. per annum (CAGR) between 2009-17 despite a substantial increase in demolition of older tonnage – between 2011 and 2017, 171 Mn Dwt was removed from the fleet, equivalent to almost 32 per cent. of the end-2010 total fleet. Chart 2C illustrates the development of the dry bulk carrier fleet by segment.

Chart 2C: Development of the Dry Bulk Carrier Fleet in Dwt



(Source: MSI)

Newbuilding dry bulk carrier deliveries peaked in 2011-2012 at just under 100 Mn Dwt per annum but slowed during 2013-17 to average just under 50 Mn Dwt per annum, with another surge in contracting during 2013-14 supporting delivery volumes.

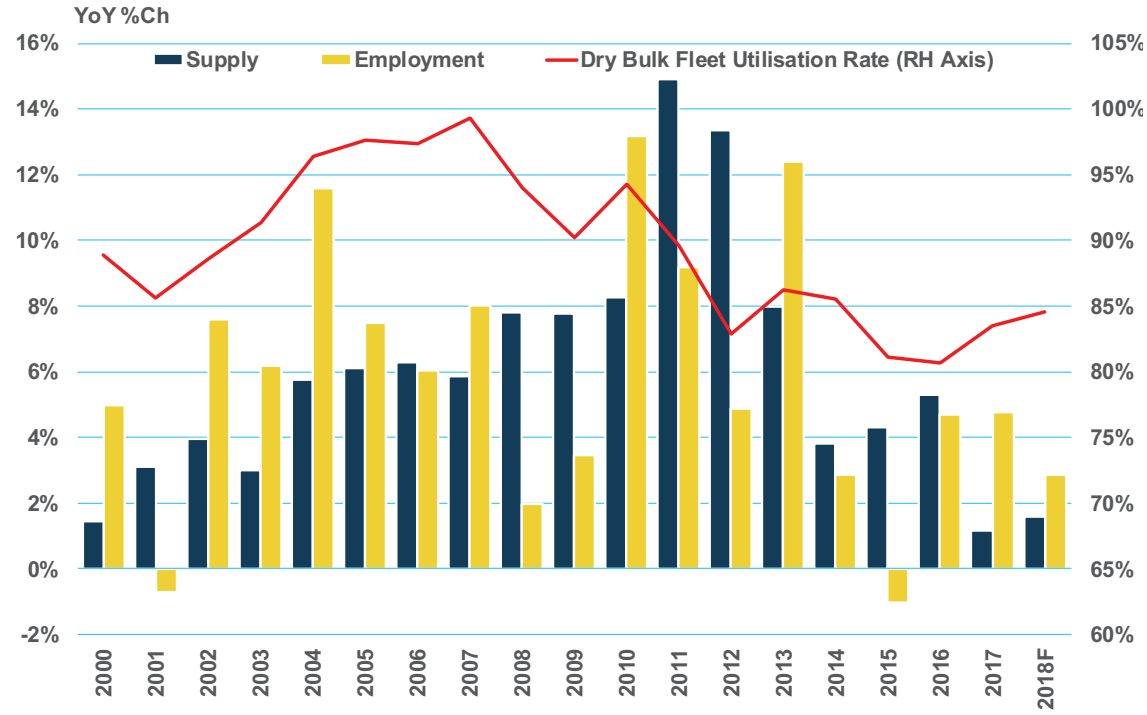
2.8 ***Dry Bulk Carrier Earnings and Asset Prices***

The acceleration in bulk carrier employment evident during the period from 2002 to 2007 following China's accession to the WTO quickly absorbed surplus vessel capacity, with the global bulk carrier fleet effectively fully employed at the peak of the market cycle in 2007 (Chart 2D). Although annual average freight and timecharter rates peaked in 2008 (Chart 2E), the start of the global financial crisis triggered a collapse in earnings during Q4, with average quarterly Capesize timecharter rates down 84 per cent. relative to the preceding quarter and by 86 per cent. year-on-year.

Prior to the onset of the crisis, supply-side pressure had been mounting for some time as a consequence of heavy newbuilding orders in preceding years, and MSI had predicted that an extended correction to rate levels would begin during 2009 in response to accelerated fleet growth. The financial crisis exacerbated the scale of the correction, and shipowners responded by deferring or cancelling newbuilding deliveries as well as increasing demolition levels.

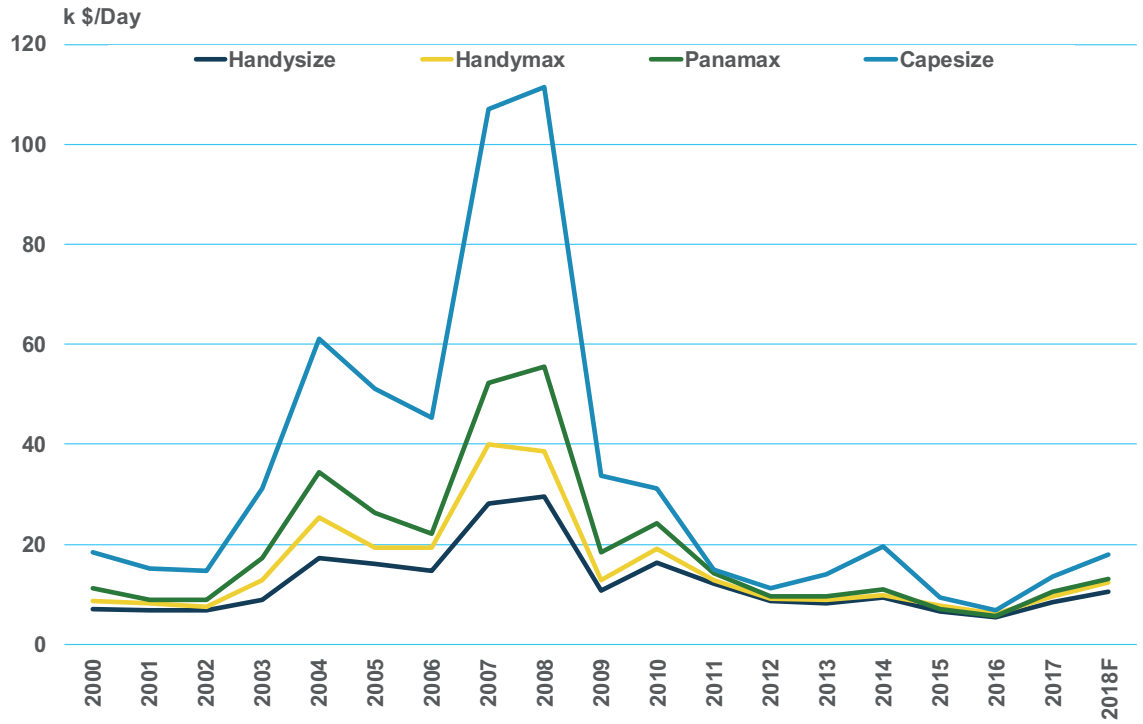
Nevertheless, the consequences of excess ordering at the height of the preceding market cycle together with renewed bursts of newbuilding orders in 2010 and 2013-14 resulted in an extended period of weakness in bulk carrier earnings. The improvement in dry bulk carrier employment during since 2016 has coincided with a gradual reduction in the bulker carrier orderbook and scheduled deliveries – timecharter rates bottomed out in 2016 but recovered strongly in 2017 with Capesize rates more than double the preceding year. Rates are projected to be up a further 25-35 per cent. year-on-year in 2018, depending on vessel size.

Chart 2D: Annual per cent. Change in Vessel Supply and Employment, and Sector Utilisation Rate



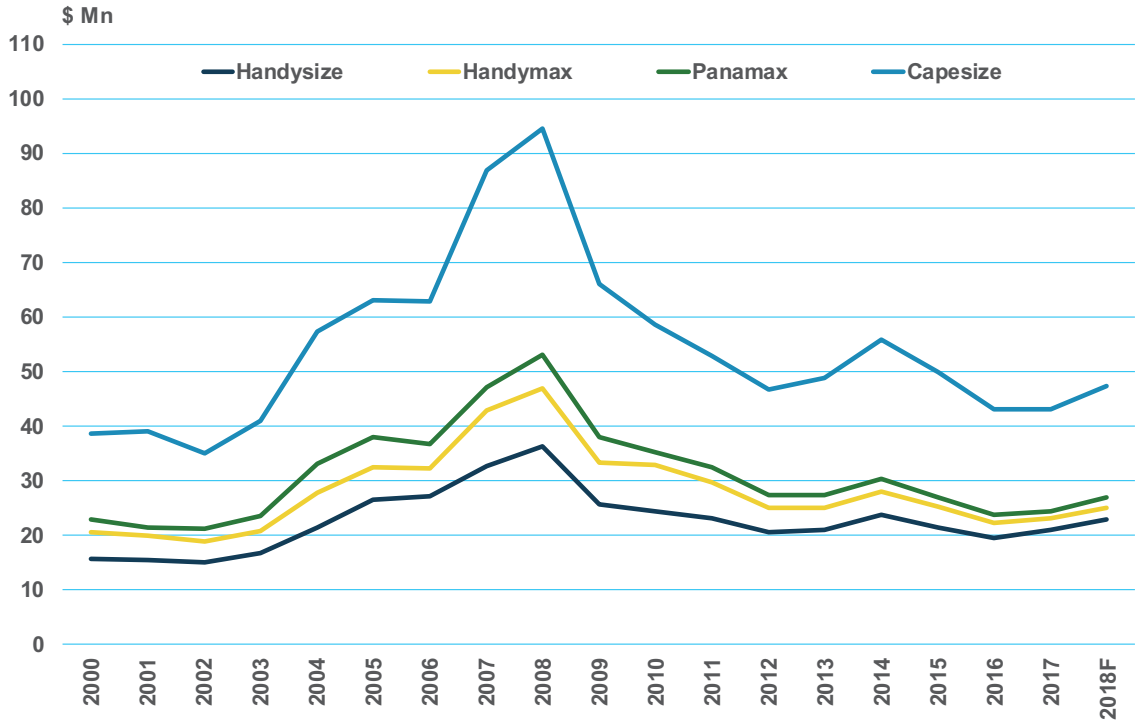
(Source: MSI)

Chart 2E: Dry Bulk Carrier 1-Year Timecharter Rates



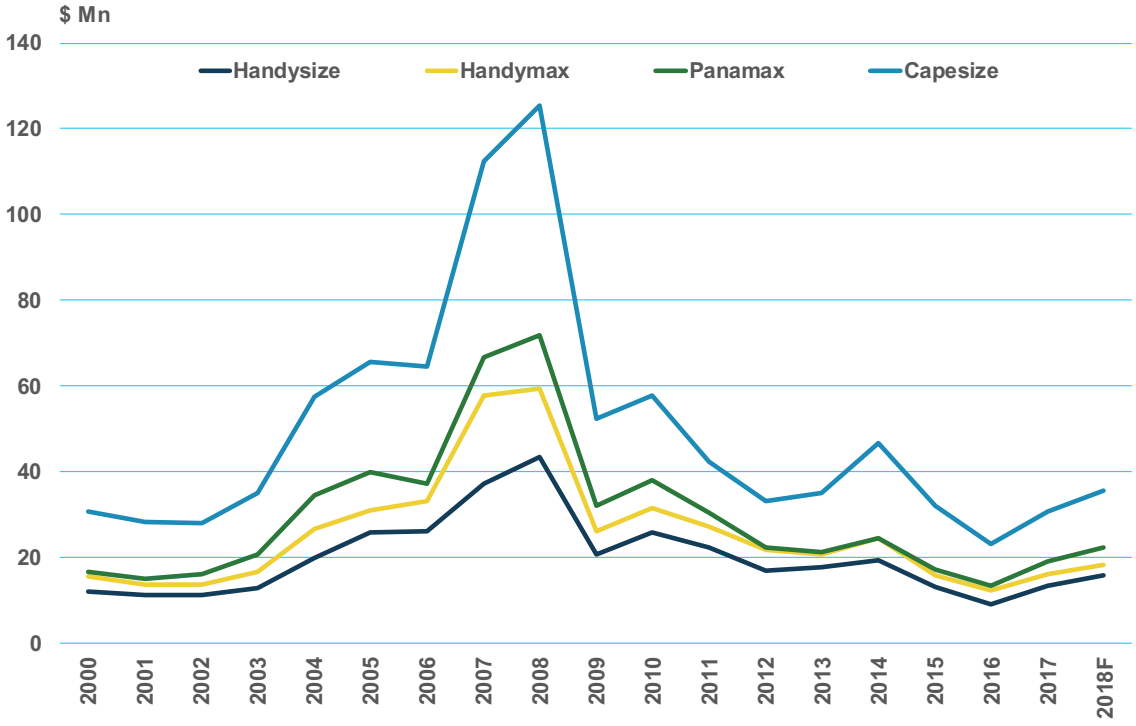
(Source: MSI)

Chart 2F: Dry Bulk Carrier Newbuilding Prices



(Source: MSI)

Chart 2G: Dry Bulk Carrier Secondhand 5-Year Old Prices

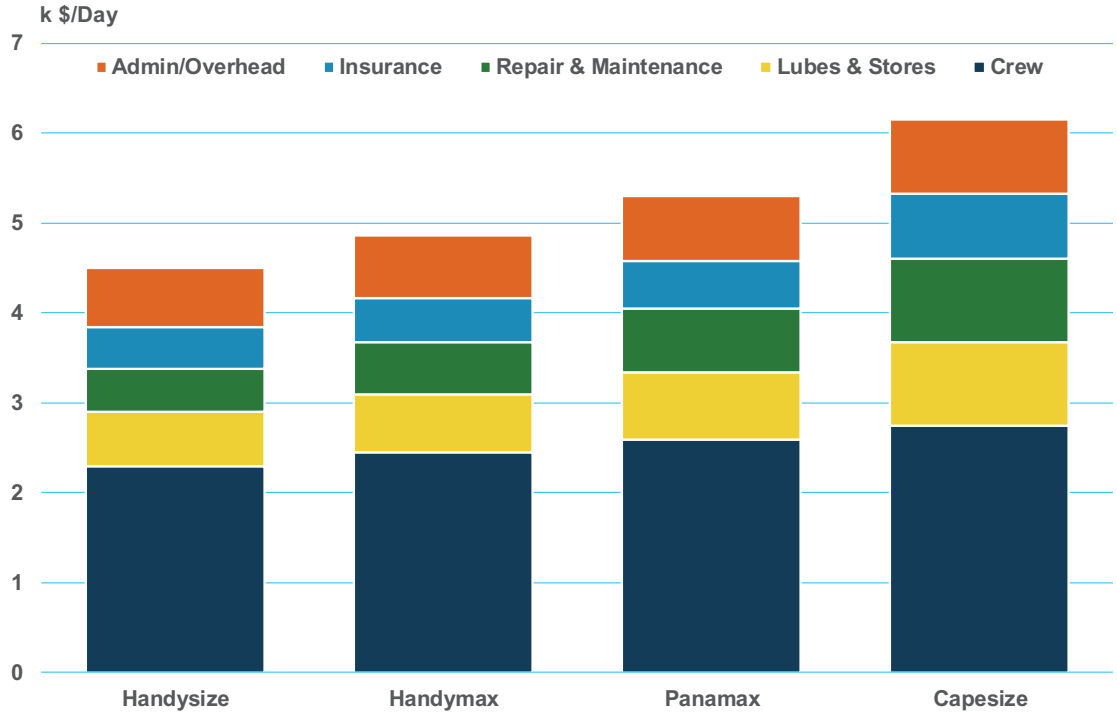


(Source: MSI)

2.9 ***Dry Bulk Carrier Operating Costs***

Indicative vessel operating costs by vessel size in 2017 are illustrated in Chart 2H – these costs are representative for modern vessels and include a provision for both the two-and-a-half year interim and five-year special surveys.

Chart 2H: Dry Bulk Carrier Daily Operating Costs (Modern Vessels)



(Source: MSI)

3.0 Oil Tanker Sector

3.1 ***Introduction***

The oil market comprises upstream (oil production), midstream (transportation, including pipelines and tankers) and downstream (refining and marketing) components. Oil demand is the driver for all of these operations and oil in refined form is principally used as a fuel for transportation, as well as in industrial activities and power generation.

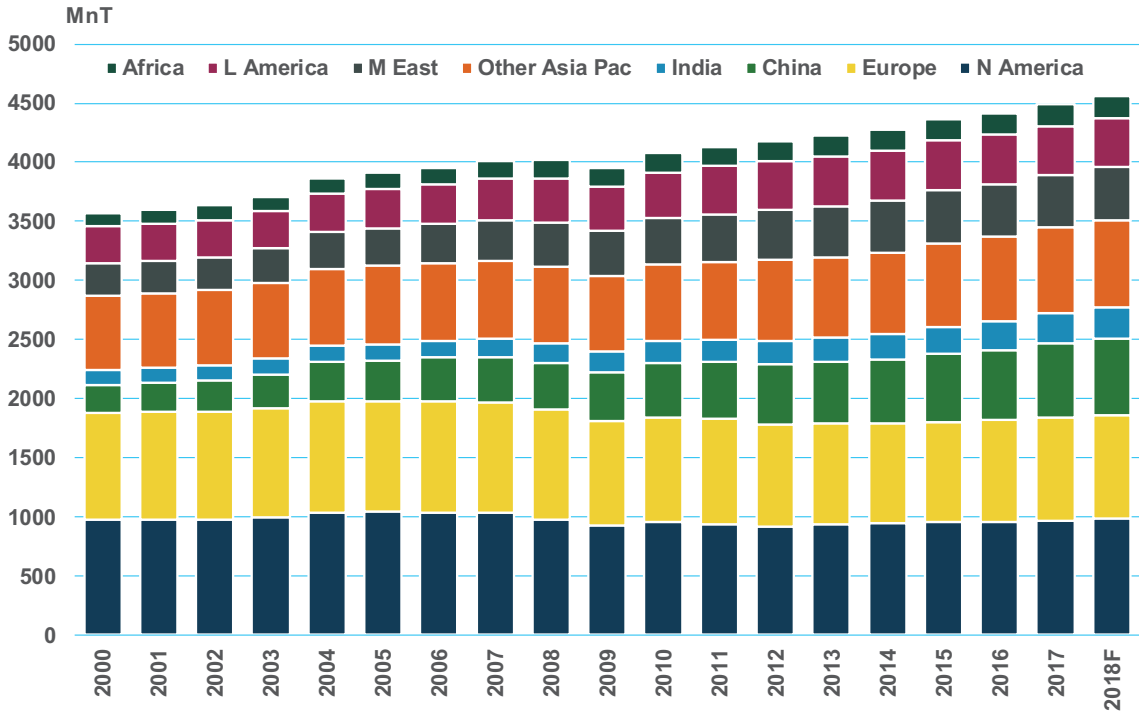
The international oil tanker industry provides seaborne transportation of crude oil and refined oil products. The amount of cargo transported in oil tankers is governed by demand for oil, which is affected by international economic activity, regional imbalances between domestic production and consumption, commodity prices and inventories. In addition to the volume of oil transported, tanker demand is driven by the distance required to transport it from production regions to consuming regions.

3.3 billion metric tonnes of crude oil and oil products were transported in 2017, of which crude oil accounted for 65 per cent. In recent years, most of the growth in overall oil trade has been driven by trade in refined oil products.

3.2 ***Oil Demand, Supply and Trade***

Oil consumption is closely related to GDP and in periods of severe economic expansion and recession, oil demand typically moves in sympathy. The relationship is not consistent though with influences such as prices, composition of economic activity, fuel efficiency and substitution also playing a role in determining particular regions' oil demand characteristics. Global oil demand has been subject to opposing forces in recent years. Whilst OECD regions have seen a general flat or downward trend in oil demand, non-OECD regions have seen the exact opposite. Asia has been an important source for demand and is expected to continue driving growth in the future.

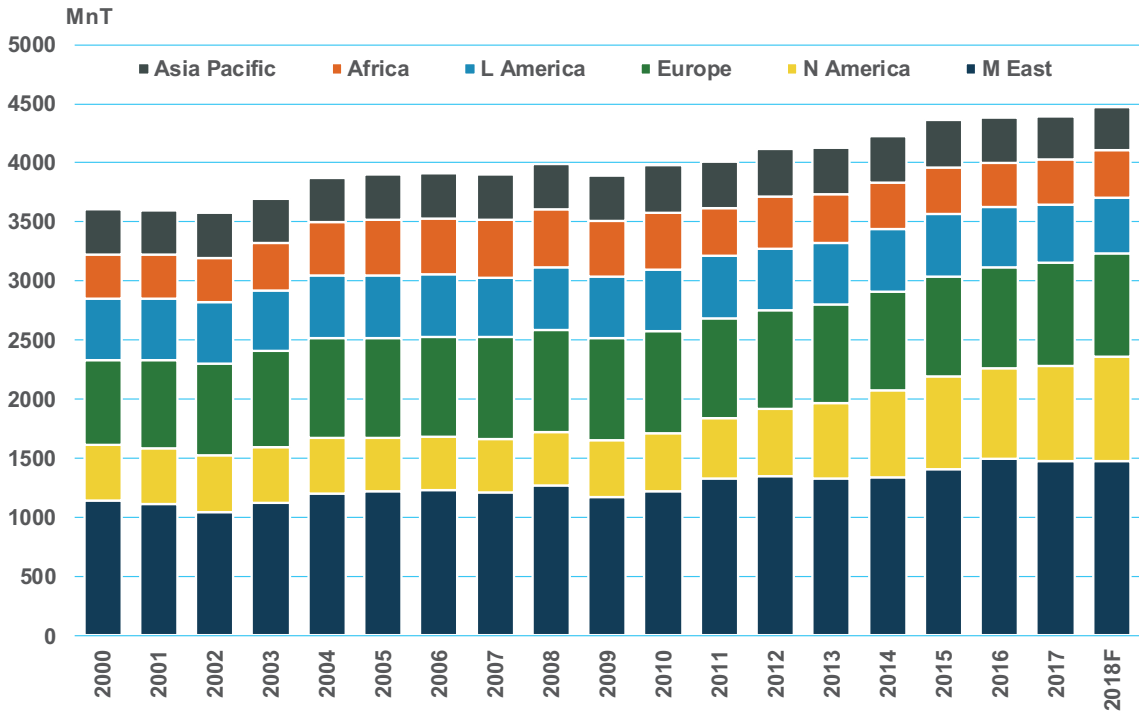
Chart 3A: Oil Consumption by Region



(Source: MSI)

Oil production is dictated by the location of hydrocarbon deposits and the degree of difficulty in accessing them. Beyond the geographic and geological distribution of resources, oil production further depends on capital outlay, market forces determining profitability (e.g. the price of crude oil) and technological capabilities. The boom in US shale oil production provides a good example of how these forces can interact to drive major shifts in oil production. Government policy and geopolitical conditions also play a significant role in determining oil production and trade.

Chart 3B: Oil Production by Region



(Source: MSI)

Table 3A: Crude Oil Exporters and Importers

MnT	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018F*
Major Exporters									
M East	823	923	908	903	893	902	946	943	937
Europe	474	477	464	451	442	461	471	477	487
Africa	373	320	374	333	299	302	291	309	325
L America	262	267	259	254	270	285	281	274	254
N America	89	103	107	127	150	161	169	210	250
Major Importers									
Europe	567	550	560	528	524	554	544	565	563
China	238	254	271	282	308	335	381	419	447
N America	528	504	461	421	401	408	434	433	415
Other Asia Pac	688	716	766	768	762	795	810	807	827

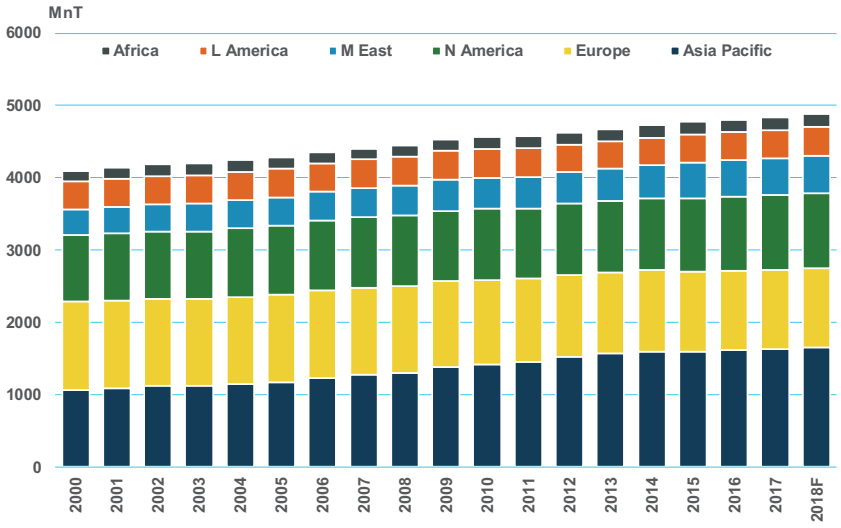
(Source: MSI)

With global oil demand growth in 2018 stable but not outstanding, the impact of rising North American production presents a challenge to OPEC, although in the near-term falling stocks and strong OPEC compliance are clearly having a positive effect on prices. The burden of reconciliating demand and supply has traditionally fallen to the Middle East - in other words, producers there, led by Saudi Arabia, will adjust production in order to protect the price. However, US policy is effectively promoting lower non-US oil production and higher prices through the withdrawal from the Iran nuclear deal in May and the imposition of sanctions on Venezuela following the re-election of President Maduro. In the case of Iran, MSI views about 650k b/d as under threat from the sanctions with key US allies Europe and South Korea/Japan currently receiving 450k b/d and 200k b/d respectively. In Venezuela, the economy and oil output have gone into freefall and the country's dire circumstances are unlikely to improve in the near-term.

Oil products covers a range of refined products, including 'dirty' products such as fuel oil at the lower end of the distillation column, and clean products such as diesel, gasoline, jet fuel and naphtha. Of clean fuels trade, diesel/gasoil is the largest component accounting for close to one-third share of global trade in 2017. Gasoline had 16 per cent. whilst naphtha and kerosene/jet fuel accounted for 7 per cent. and 9 per cent. respectively.

Europe is a pre-eminent region in products trade, but a large proportion of this activity is intra-regional, either as overland trade or short-haul movement. South East Asia is also a major trading hub, driven by rising demand and supported by Singapore's role as a major refining, storage and trading centre, which also contributes to the region's high exports. Import demand is quite evenly distributed among a range of other regions such as North America, Latin America, the Middle East and Africa. Major oil demand centres such as China and South Asia have fairly low product import demand relative to their end user markets, due to large refinery construction programmes.

Chart 3C: Oil Refining Capacity by Region



(Source: MSI)

Provision of oil products comes from oil refineries which process crude oil and other inputs. The size, complexity and location of refining capacity is also key in determining the underlying structure of trade. Unlike oil production though, refining capacity is primarily dependent on capital outlay and available technology. The global network of refineries has seen some significant developments in recent years. The advent of shale crude production in the US has resulted in many US refineries re-orientating their products towards the export market. China has again been a driving force for refining capacity growth and elsewhere new refineries and expansions are taking place in locations near crude production as oil companies and governments seek higher returns from crude oil derivatives further up the value chain.

Regardless of the overall volume of crude oil that the Middle East will produce, what is clear is that a growing proportion will be moving into local refineries as the region seek to diversify away from crude exports towards refined petroleum products and petrochemicals, thereby capturing a greater share of the refining margins as well as providing a stable source of crude oil demand that is less sensitive to price fluctuations. MSI expects Saudi Arabia's Jazan refinery to be fully operational in 2019, with other projects in Kuwait, Oman and Iran augmenting near-term growth, the centrepiece of which is the Al-Zour refinery in Kuwait, expected to be operational in 2021. China remains a prominent component of the growth picture, with notable capacity additions at Huizhou, Renqui and Dalian over the next 2-3 years.

Table 3B: Oil Products Exporters and Importers

MnT	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018F*
Major Exporters									
Europe	391	388	409	422	425	450	461	464	464
Asia Pacific	243	247	283	300	289	299	321	333	339
M East	146	142	141	141	146	170	178	184	194
N America	101	118	140	147	154	162	165	181	183
Major Importers									
Asia Pacific	343	361	365	387	400	425	423	449	451
Europe	319	316	328	346	341	366	367	367	365
L America	103	111	117	115	126	129	128	138	141
Africa	62	66	77	80	88	94	96	99	105
M East	78	77	80	92	95	97	102	98	101
N America	115	118	104	105	96	103	105	102	99

(Source: MSI)

3.3 ***Oil Tanker Supply***

Oil tankers act as transportation links between oil production and the refinery (crude tankers) and the refinery and the end-user (product tankers). Demand for them is therefore primarily driven by the geographic dislocation between these elements of the oil market, as well as competing means of transportation (e.g. pipelines). The degree of this dislocation (distance) and the volumes traded as arbitrage opportunities arise are the core elements driving tanker demand.

Oil tankers are commonly categorised into size ranges as set out in table 3C.

Table 3C: Oil Tanker Fleet by Size Range as at end June 2018

Segment	*Dwt Size Range*	*Mn Dwt Capacity*	*Dwt % Share*	*No of Vessels*	*Vessel % Share*	*Primary Commodities Carried*
Handysize	10-40k	47.7	8%	2,100	32%	Oil products
Handymax	40-60k	80.5	14%	1,683	26%	Oil products
Panamax	60-70k	5.2	1%	78	1%	Crude oil, oil products
Aframax	70-125k	135.6	23%	1,362	21%	Crude oil, oil products
Suezmax	125-200k	88.1	15%	563	9%	Crude oil
VLCC	200k+	223.3	38%	726	11%	Crude oil
Total		580.3	100%	6,512	100%	

(Source: MSI)

Table 3D: Top 10 Oil Tanker Owners Ranked by Dwt end June 2018

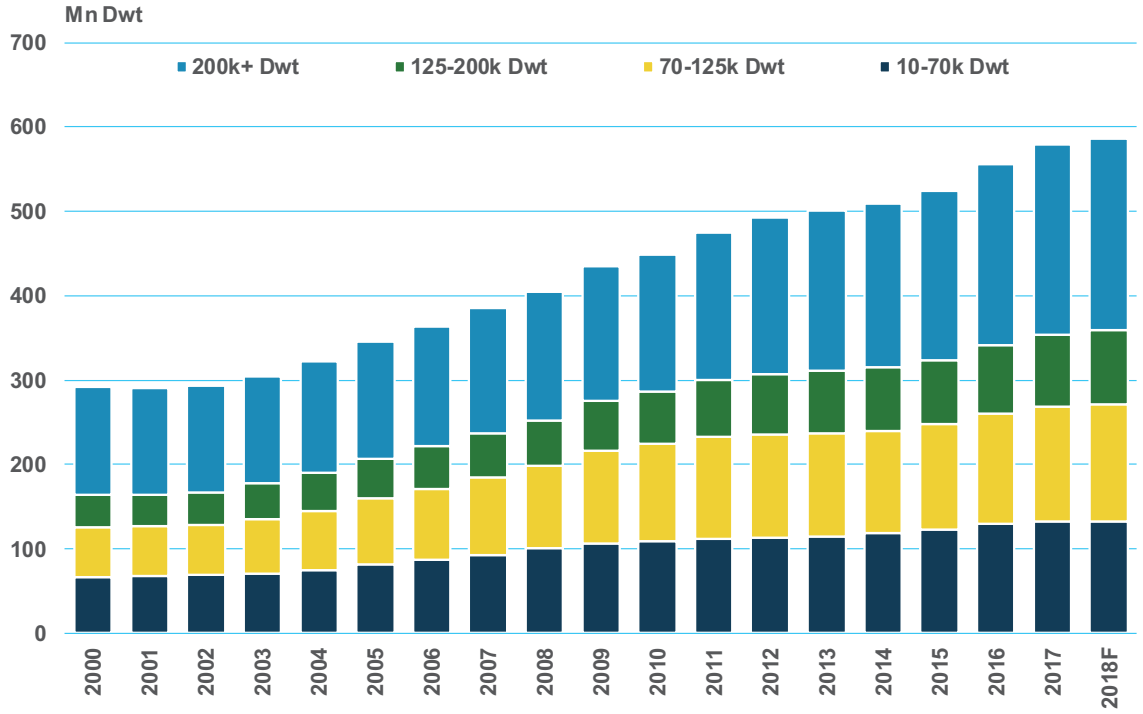
Owner	*Nationality*	*Mn Dwt Capacity*	*Dwt % Share*	*No of Vessels*	*Vessel % Share*
China COSCO	China	18.3	3.2%	133	2.0%
Euronav	Belgium	16.8	2.9%	68	1.0%
Bahri	Saudi Arabia	14.8	2.5%	54	0.8%
National Iranian Tanker	Iran	13.2	2.3%	54	0.8%
Angelicoussis Group	Greece	12.3	2.1%	52	0.8%
China Merchants Group	China	11.5	2.0%	42	0.6%
Fredriksen Group	Norway	11.4	2.0%	60	0.9%
Mitsui OSK Lines	Japan	10.7	1.8%	64	1.0%
Sovcomflot	Russia	9.8	1.7%	103	1.6%
Teekay	Canada	9.7	1.7%	74	1.1%
Top 10 Total		128.5	22.2%	704	10.8%

(Source: MSI based on Worldyards data)

Tanker market contracting has fluctuated significantly over history with years of limited activity punctuated by spikes in ordering. During the period between 1990 and 2002, the fleet grew by just 1.2 per cent. per annum (CAGR), corresponding with a gradual recovery in seaborne oil trade after substantial declines during the 1980s. Stronger growth in seaborne trade triggered a shift into rapid fleet expansion mode during 2003-12, with annual average growth of 5.3 per cent. (CAGR), with the mandatory retirement of older single-hull tonnage also supporting higher newbuilding contracting – 366 Mn Dwt of new orders were placed during this 10-year period, compared to 184 Mn Dwt in the preceding 10 years.

Newbuilding oil tanker deliveries peaked in 2009 at just over 48 Mn Dwt and averaged 39 Mn Dwt per annum during 2010-12 before tailing off sharply in 2013-15 as result of reduced newbuilding contracting activity in 2011-2012. However, another surge in contracting during 2013-15 lifted oil tanker deliveries to average just over 35 Mn Dwt per annum in 2016-17.

Chart 3D: Development of the Oil Tanker Fleet in Dwt



(Source: MSI)

3.4 ***Oil Tanker Earnings and Asset Prices***

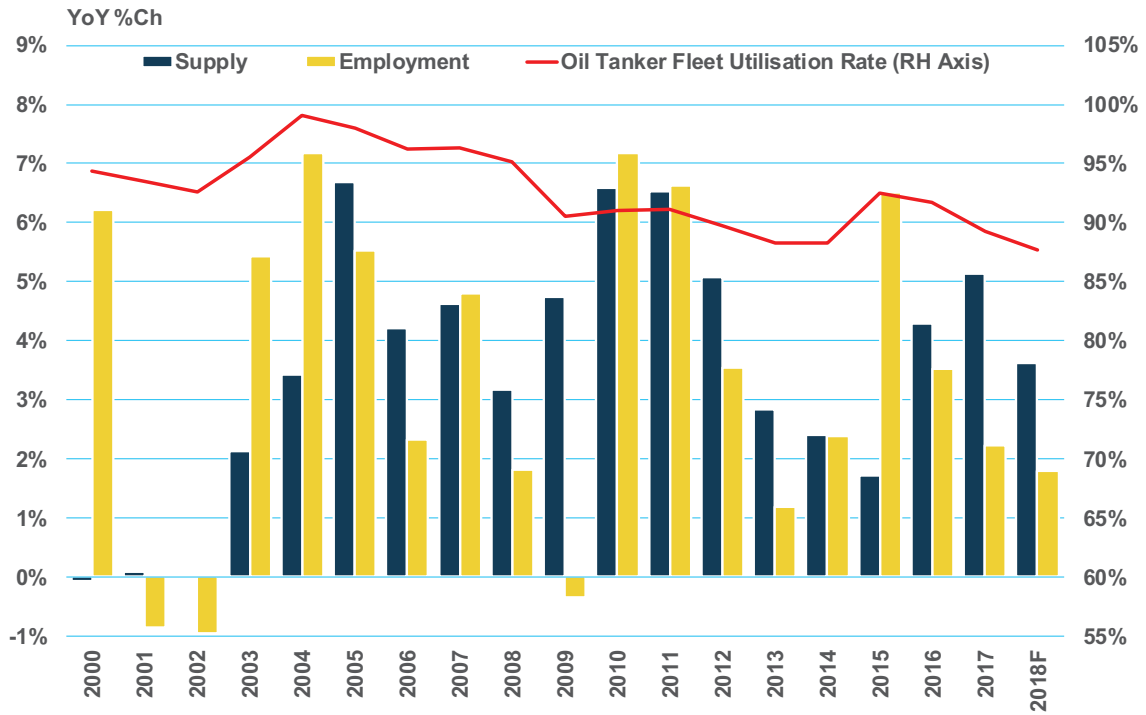
Despite major swings in the market, historically, the tanker market has seen strong correlation in earnings between the crude and products sectors. The last decade has been one of the most volatile in the history of the oil tanker market with rates reaching record highs before plummeting to devastating lows. The extremes of this cycle have been felt most heavily in the crude tanker sector, but the products sector has also been under pressure.

The extended strong market cycle leading up to the global financial crisis saw very strong refining margins and restricted fleet growth, with newbuilding contracting failing to anticipate the upswing in demand in the aftermath of subdued conditions in the 1990s. Tonnage growth was also curtailed in the early 2000s by high scrapping supported by regulatory factors. Strong underlying oil demand growth and refining activity drove high crude runs, and at the margins these were supplied by OPEC producers, which in turn required seaborne transportation. With limited pressure from fleet supply, fluctuations in the tanker market corresponded closely to changes in OPEC output and markets achieved exceptionally high levels in the mid-2000s.

In 2008-09 the tanker market, along with the global economy, crashed. Just as the market had failed to anticipate the upswing in demand in 2000, it also collectively overestimated the sustainability of demand growth, and with OPEC dramatically cutting production in 2009, saw massive oversupply exacerbated by the high levels of ordering during the boom years.

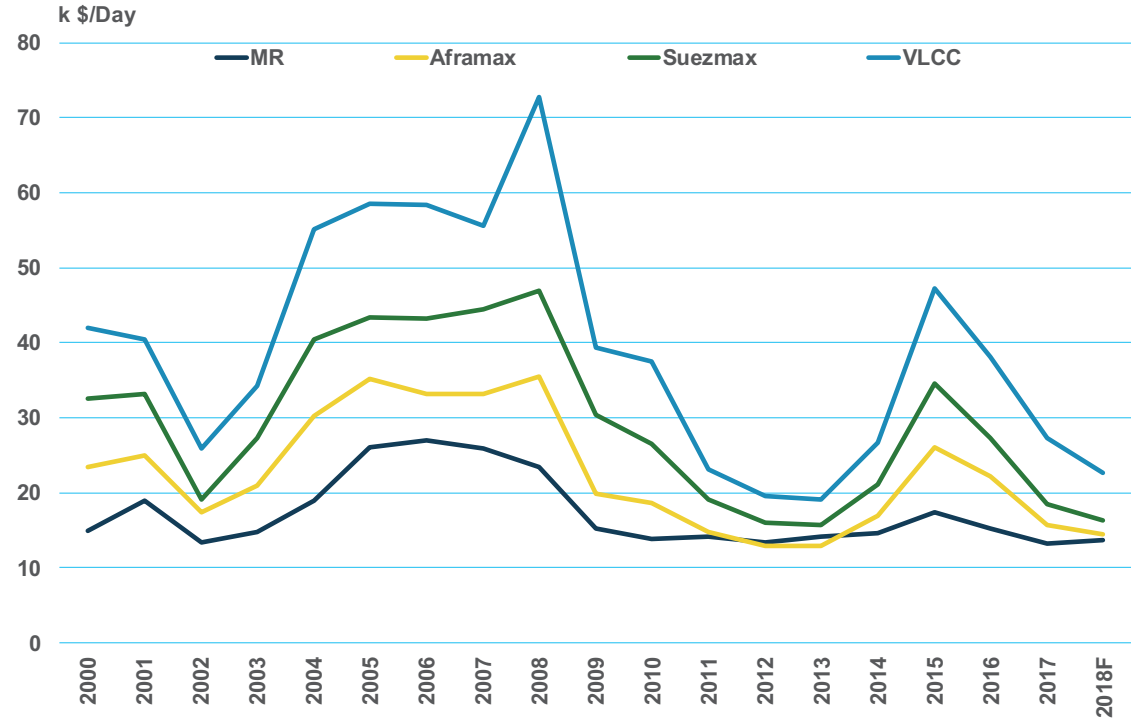
Tanker freight markets have since been restrained by continued ordering associated with the freight market environment, and markets have been subject to severe downturns. Along with production shifts, OECD regions collectively saw oil demand fall for about a decade from the mid-2000s, only seeing positive growth in recent years. Tanker freight markets are currently experiencing their second major downturn in the decade since the financial crisis, having seen one period of sharp but brief upside associated with the drop in the oil price in 2014/15.

Chart 3E: Annual per cent. Change in Vessel Supply and Employment, and Sector Utilisation Rate



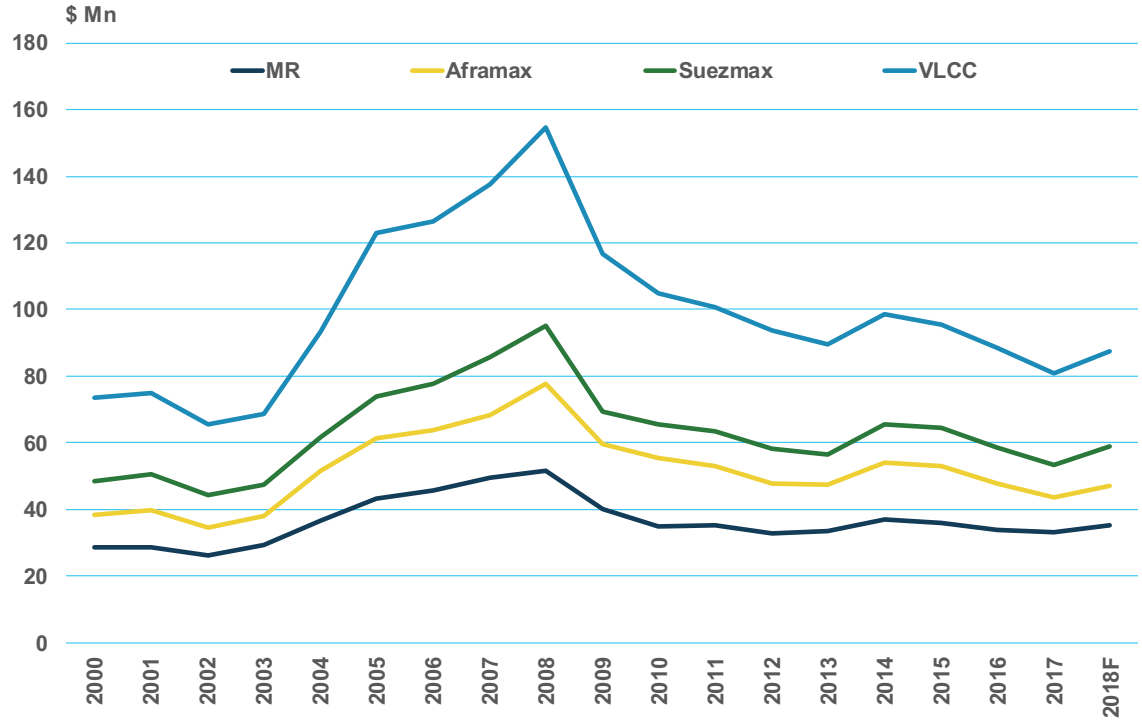
(Source: MSI)

Chart 3F: Oil Tanker 1-Year Timecharter Rates



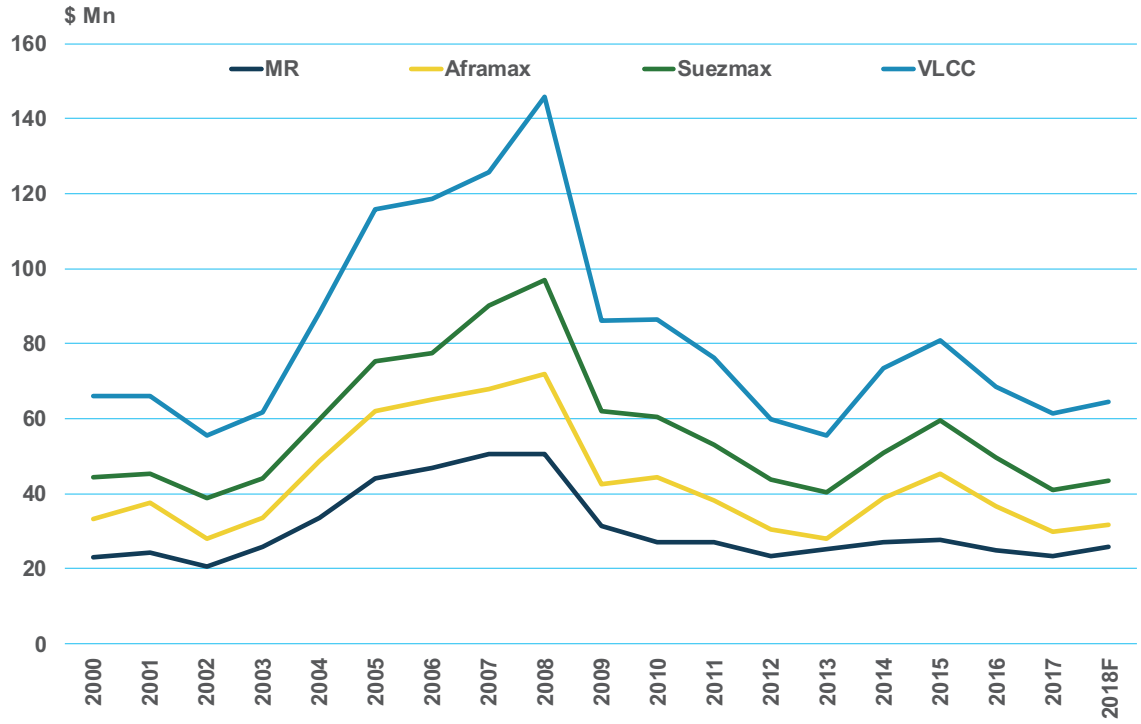
(Source: MSI)

Chart 3G: Oil Tanker Newbuilding Prices



(Source: MSI)

Chart 3H: Oil Tanker Secondhand 5-Year Old Prices

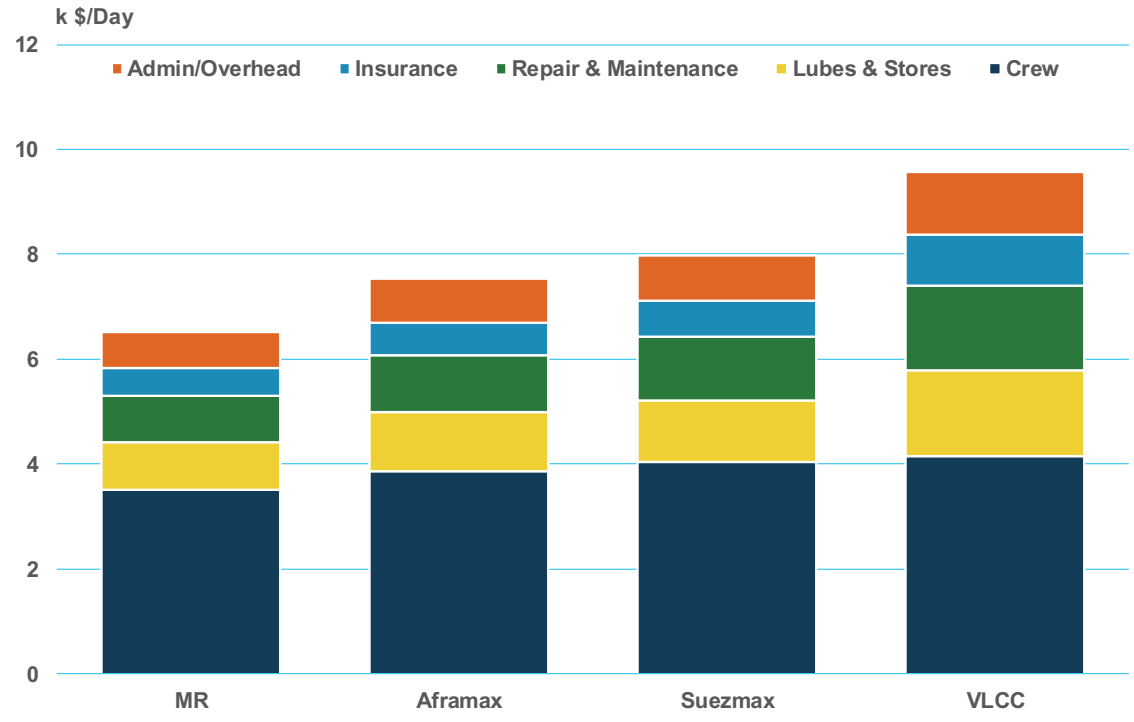


(Source: MSI)

3.5 *Oil Tanker Operating Costs*

Indicative vessel operating costs by vessel size in 2017 are illustrated in Chart 3I – these costs are representative for modern vessels and include a provision for both the two-and-a-half year interim and five-year special surveys.

Chart 3I: Oil Tanker Daily Operating Costs (Modern Vessels)



(Source: MSI)

4.0 Container Sector

4.1 *Introduction*

Container shipping was first introduced in the 1950s and since the late 1960s has become the most common method for transporting many industrial and consumer products by sea. Container shipping is performed by container shipping companies who operate frequent scheduled or liner services, similar to a passenger airline, with pre-determined port calls, using a number of owned or chartered vessels of a particular size in each service to achieve an appropriate frequency and utilisation level.

The containers used in maritime transportation are steel boxes of standard dimensions. The standard unit of measure of volume or capacity in container shipping is the 20 foot equivalent unit or TEU, representing a container which is 20 feet long and typically 8.5 feet high and 8 feet wide. A 40 foot long container is equivalent to 2 TEU, and although the TEU remains the standard measure of container shipping, 40 foot containers (or FEU) are in fact now more common. There are specialised containers of both sizes to carry refrigerated perishables or frozen products as well as tank containers that carry liquids such as liquefied gases, spirits or chemicals. 40 feet high cube containers have become much more prevalent in recent years since shippers can load more lightweight consumer goods from Asia in a single container, thus reducing overall costs.

A container shipment begins at the shipper's premises with the delivery of an empty container. Once the container has been filled with cargo, it is transported by truck, rail or barge to a container port, where it is loaded onto a containership. The container is shipped either directly to the destination port or through an intermediate port where it is transferred to another vessel, an activity referred to as transhipment. When the container arrives at its destination port, it is off-loaded and delivered to the receiver's premises by truck, rail or barge.

Container shipping occupies an increasingly important position in world trade and it is one of the fastest growing sectors of international shipping, benefiting from a shift in cargo transport towards unitisation as well as from changes in world trade. Historically, this growth has been sustained by general increases in world trade, increased global sourcing and manufacturing and continuing penetration of the general cargo market.

Within the container shipping industry, key participants include shippers, liner companies and charter-owners. Shippers are the senders and receivers of containerised cargo. Liner companies (also referred to as lines or operators) are logistics service providers responsible for the seaborne, and often also inland, transportation of containerised goods; they negotiate freight rates with shippers themselves, or with third parties such as freight forwarders/consolidators. Liner companies either operate vessels that they themselves own, or lease vessels from charter-owners. Charter-owners (also referred to as containership owners and containership lessors) provide the function of owning containerships and leasing, or chartering, them out to liner companies.

4.2 *Trade Development*

From 1993-2008, containerised trade grew at a compound average rate of over 9 per cent., driven by China's infrastructural investment growth and integration into the global trade system; macroeconomic and construction booms in the US and Western Europe; and the off-shoring of production and the expansion of global supply chains. 2009 saw the only year of negative growth in the industry's history, on the back of the global financial crisis, with volumes shrinking 8 per cent. Volumes recovered in 2010, posting growth of 15 per cent. 2011 growth exceeded 7 per cent. but has since slowed to average 3.4 per cent. per annum (CAGR) during 2012-17, partly reflecting weaker overall economic growth as well as reshoring of manufacturing. MSI expects 2018 demand growth to soften a little from 2017 levels, but still remaining above-trend, with much of the incremental demand for tonnage provided by non-mainlane trade routes.

The containerised supply chain extends throughout the world. However, the most important trades are those linking the major manufacturing economies in Asia (above all, China) with the major consuming economies in North America and Europe and, increasingly, the intra-Asian trades connecting that region's rapidly growing markets. Traditionally, global container trade has been

separated into four different trade groupings; the mainlanes, the non-mainlane East-West trades, North-South trades and intra-regional trades:

(a) The **mainlane trades** are the major East-West routes connecting Asia, North America and Europe. Transpacific and Asia-Europe are the largest long-haul container trades.

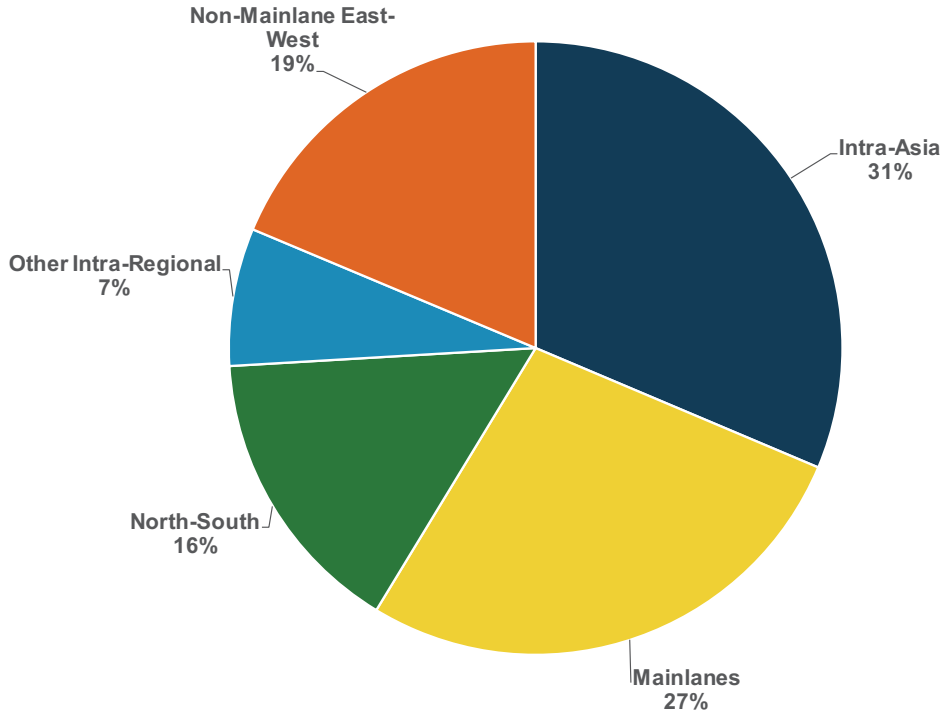
(b) The **non-mainlane East-West trades** link the Middle East and Indian Subcontinent to Asia, Europe and North America. Of these, the most significant is the Westbound Asia-Middle East/Indian Subcontinent trade, which in 2017 represented 5.5 per cent. of global volumes.

(c) **North-South trades** are those which connect North America, Europe and Asia with Central and South America, Africa and Oceania. North-South trades grew by a compound annual rate of 4 per cent. from 2010-2017 and the largest of them – the Southbound Asia-Latin America trade – totalled 4.2 Mn TEU in 2017.

(d) **Intra-regional trades** are the largest trade grouping and include intra-Asian, intra-European and intra-Latin America and Caribbean trades. Of these, the largest is the intra-Asian trade, representing just under one third of global containerised volumes. Each intra-regional trade is made up of many different sub-trades, which may have very different characteristics.

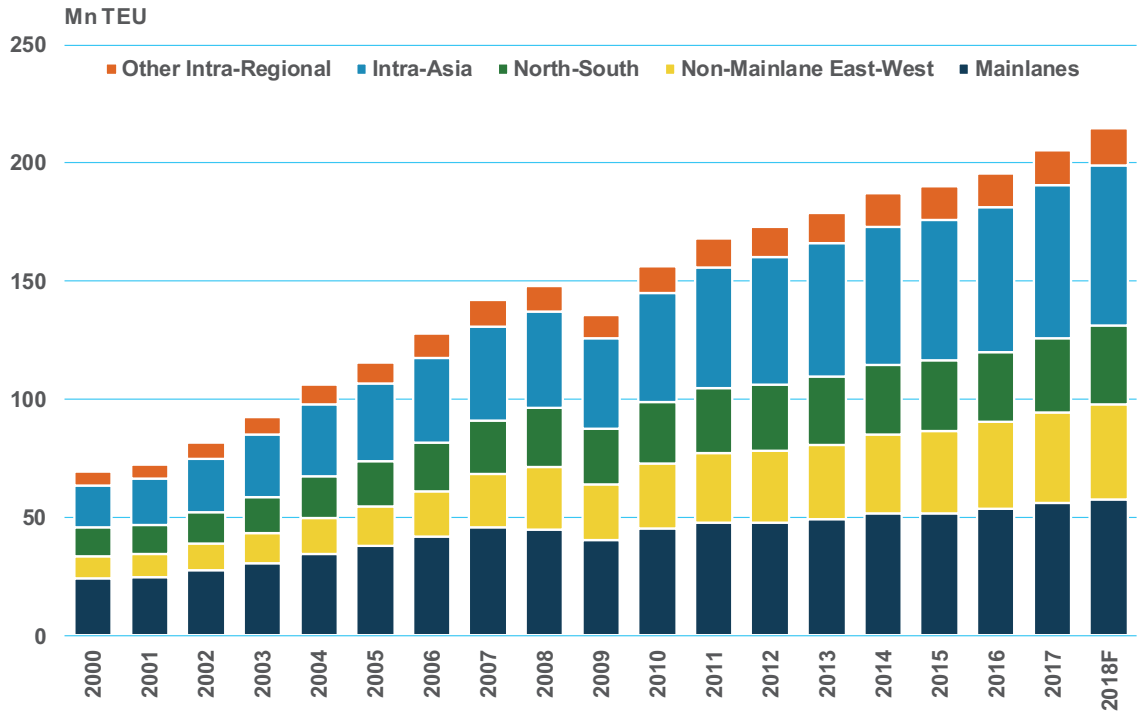
Growth in containerised trade is linked to demand for manufactured goods and thereby to regional economic growth. However, historically this underlying growth has been boosted by both the containerisation of breakbulk goods, including refrigerated cargoes, and the outsourcing of manufacturing from Europe and North America. Since the downturn of 2009, containerised trade growth has tended to be concentrated in the emerging markets of Asia (including China), Africa and the Middle East. However, stronger economic growth in the USA and Europe is expected to spur a recovery in container shipments to both.

Chart 4A: Global Container Trade by Trade Grouping, Full Year 2017



(Source: MSI)

Chart 4B: Global Container Trade Estimation



(Source: MSI)

4.3 ***Containership Supply***

Growth of the containership fleet (Chart 4C) has been driven by anticipated growth in containerised trade together with upsizing of vessels to achieve scale economies. The fleet has expanded by a compound annual rate of a little under 9 per cent. since 2000, with nominal capacity increasing by 72 per cent. in the last ten years. Growth rates have slowed somewhat in recent years, averaging just under 6 per cent. per annum between 2012-14. A pick up in fleet growth occurred in 2015 to 8.6 per cent., but fleet growth in 2016 was the slowest on record at 1.3 per cent. and 2017 came in at just over 4 per cent.

In recent years, ordering has been heavily weighted towards larger vessels as shipping lines seek to exploit the potential economies associated with deploying larger vessels. As a consequence, the orderbook, both in absolute terms and as a percentage of the existing fleet, is highest in the segment for vessels over 12k TEU in size. The trend towards building and deploying bigger vessels on the mainlane trades is expected to continue, displacing smaller vessels which will cascade down into secondary trades.

Table 4A: Containership Fleet by Size Range as at end June 2018

Segment	*k TEU Capacity*	*TEU % Share*	*No of Vessels*	*Vessel % Share*
0.1-2.9k TEU	3,968.7	18.4%	2,905	55.4%
2.9-5.2k TEU	3,822.5	17.7%	916	17.5%
5.2-12k TEU	8,607.1	39.8%	1,085	20.7%
12k+ TEU	5,225.0	24.2%	342	6.5%
Total	21,623.4	18.4%	5,248	55.4%

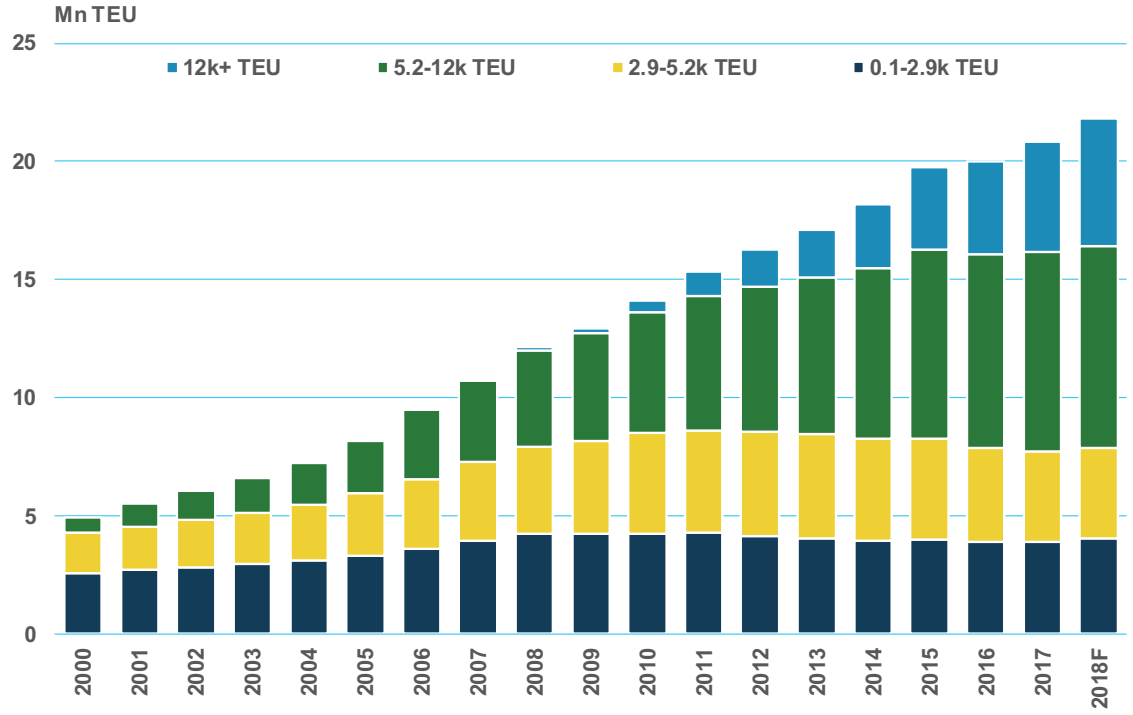
(Source: MSI)

Table 4B: Top 10 Containership Owners Ranked by TEU end June 2018

Owner	*Nationality*	*k TEU Capacity*	*TEU % Share*	*No of Vessels*	*Vessel % Share*
A.P. Moller – Maersk	Denmark	1,878	8.7%	259	4.9%
China COSCO	China	1,805	8.3%	255	4.9%
CMA CGM	France	1,132	5.2%	136	2.6%
MSC	Switzerland	1,084	5.0%	194	3.7%
ONE (NYK, MOL, K Line)	Japan	1,060	4.9%	156	3.0%
Hapag-Lloyd	Germany	1,015	4.7%	108	2.1%
Seaspan	Canada	823	3.8%	107	2.0%
Evergreen	Taiwan	569	2.6%	112	2.1%
C-P Offen	Germany	553	2.6%	75	1.4%
Costamare	Greece	441	2.0%	61	1.2%
Top 10 Total		10,360	47.9%	1,463	27.9%

(Source: MSI based on Worldyards data)

Chart 4C: Development of the Containership Fleet in TEU



(Source: MSI)

Containership newbuildings are either contracted by a liner company intending to operate the vessel, or by an independent charter-owner planning to charter it to a line. Charter-owners either order vessels with pre-arranged term charters to a liner company (often referred to as a "back-to-back" arrangement) or on a speculative basis, hoping to fix the vessel on the open market once it is delivered. Prior to 2008, charter-owner orders of vessels of over 5.2k TEU tended to be on a back-to-back basis, against term charters of five years or more.

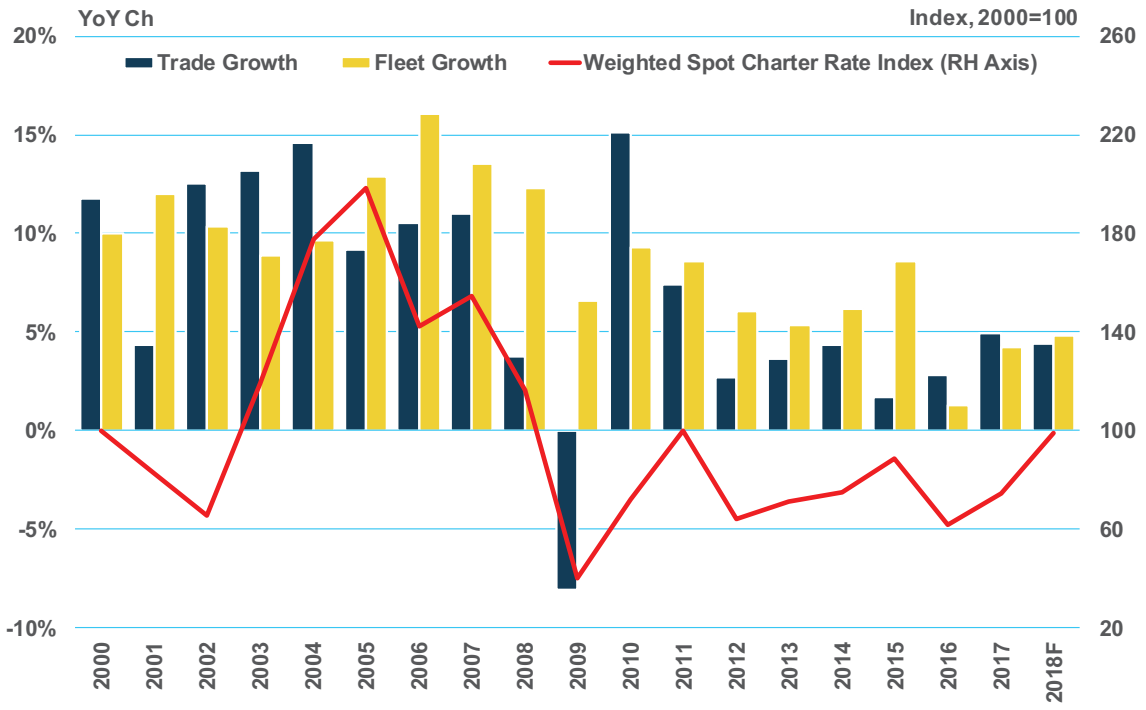
Since 2008, the ordering of new containerships has been by the liner companies themselves (albeit with increased involvement of leasing companies) and by the relatively few charter-owners with access to capital. Notwithstanding some modest recent speculative ordering, most newbuilding commitments made by charter-owners have been back-to-back with long-term charters to established liner operators.

4.4 ***Containership Earnings and Asset Prices***

The containership charter market has evolved with the containership fleet, with a liquid charter market only developing for a given vessel size segment once the fleet of vessels on the charter market for that segment reaches a critical mass – from speculative orders, from liner companies selling vessels to charter-owners and from the expiry of initial back-to-back charters. Consequently, the charter market for the smaller sizes of containerships has a longer pedigree than for larger vessels. Today, there is a liquid charter market for vessels up to around 8,500 TEU. Although there are larger ships on the charter market, transaction volumes are currently limited.

In the spot, or short-term, charter market, rates are driven by the dynamics of supply and demand (Chart 4D), which may differ by fleet segment. From 1998 to 2008, 6-12 month timecharter rates for a theoretical 3.5k TEU gearless containership averaged $23k/day. However, at the end of 2008, demand for containerships fell along with trade volumes, putting charter rates under pressure. An earnings recovery in 2010 and early 2011 proved short-lived, as combination of weaker-than-anticipated trade growth and high vessel deliveries meant that the market continued to be oversupplied. Charter rates for the theoretical 3.5k TEU vessel reached an all-time low of $5.3k/day in December 2016 before recovering through 2017 to average $8.1k/day for the year, with MSI expecting a further 39 per cent. increase in these rates for 2018.

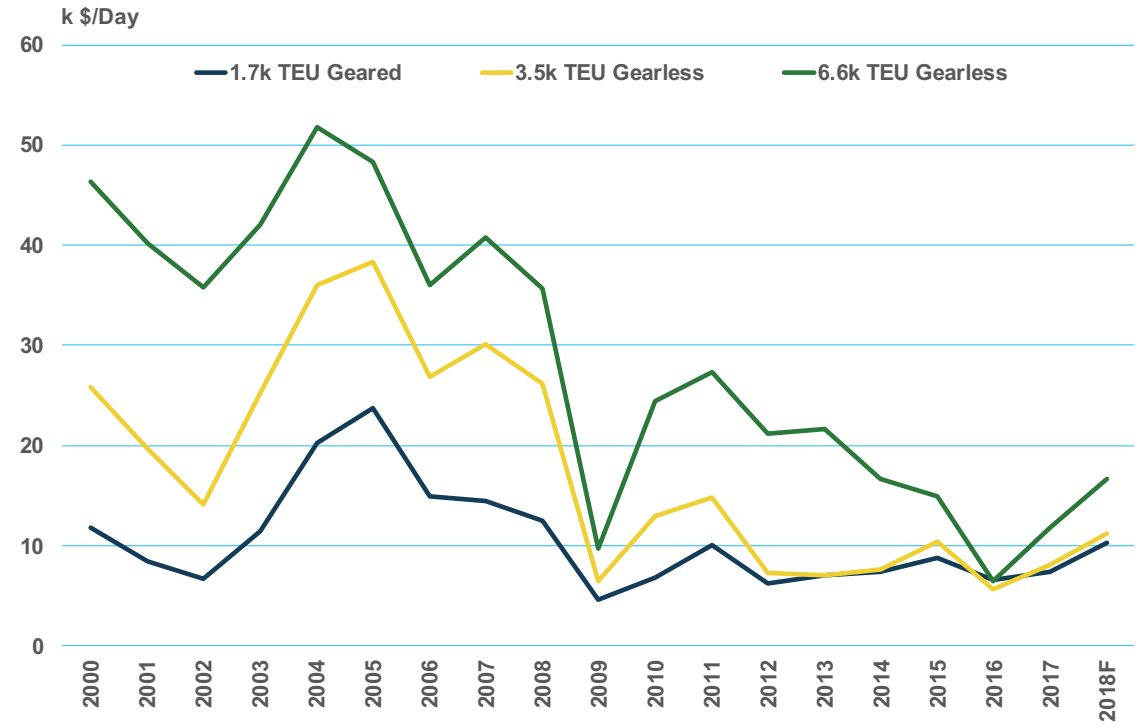
Chart 4D: Annual per cent. Change in Vessel Supply and Trade, and Spot Market Rate Index



(Source: MSI)

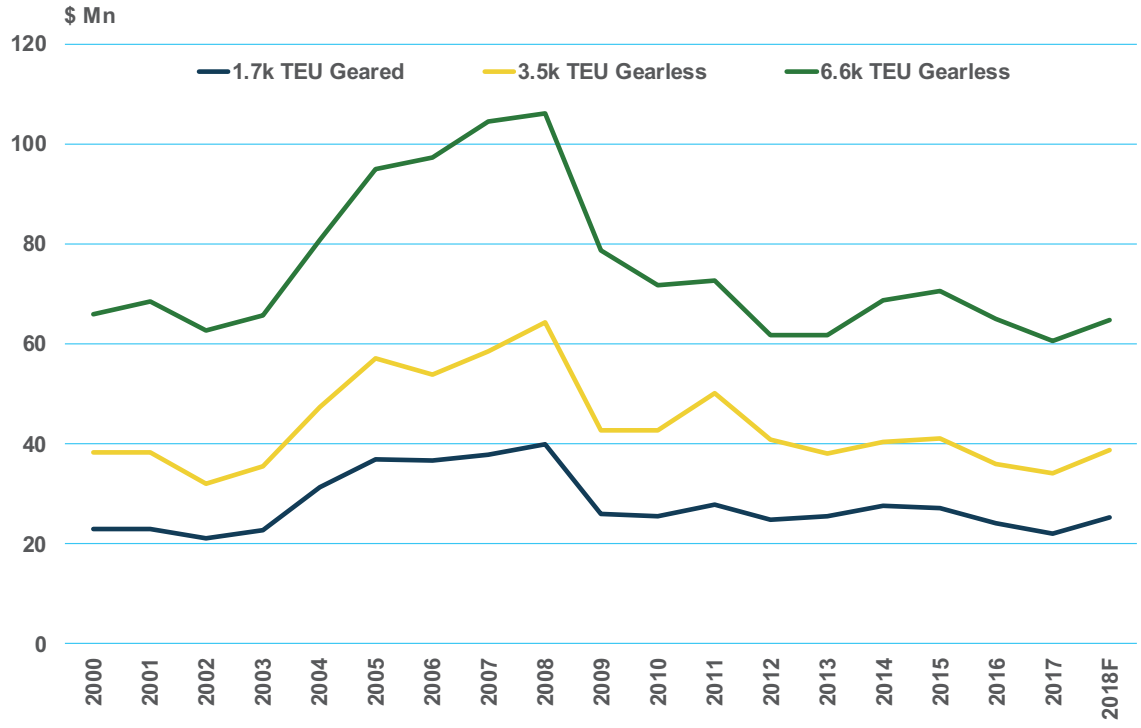
The Containership Spot Market Charter Rate Index in Chart 4D is calculated using weighted average charter rates of vessels from 10 different fleet segments, with the weighting assigned according to the relative capacity (in TEU) of those fleet segments in a given year.

Chart 4E: Containership 1-Year Timecharter Rates



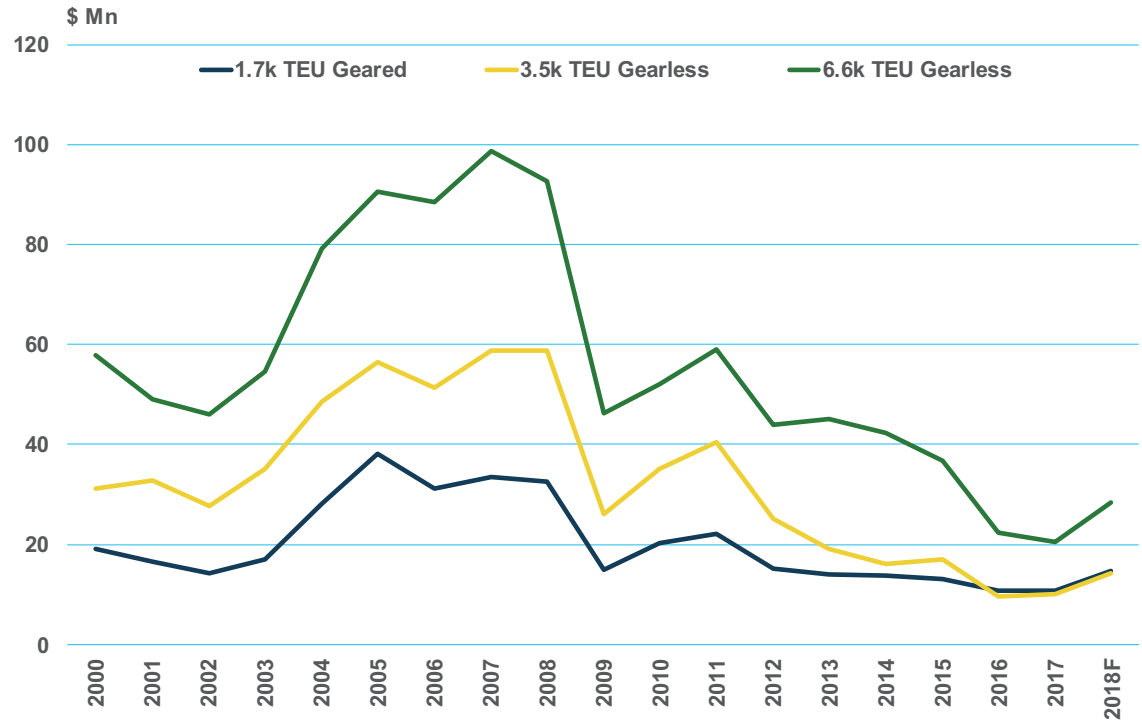
(Source: MSI)

Chart 4F: Containership Newbuilding Prices



(Source: MSI)

Chart 4G: Containership Secondhand 5-Year Old Prices

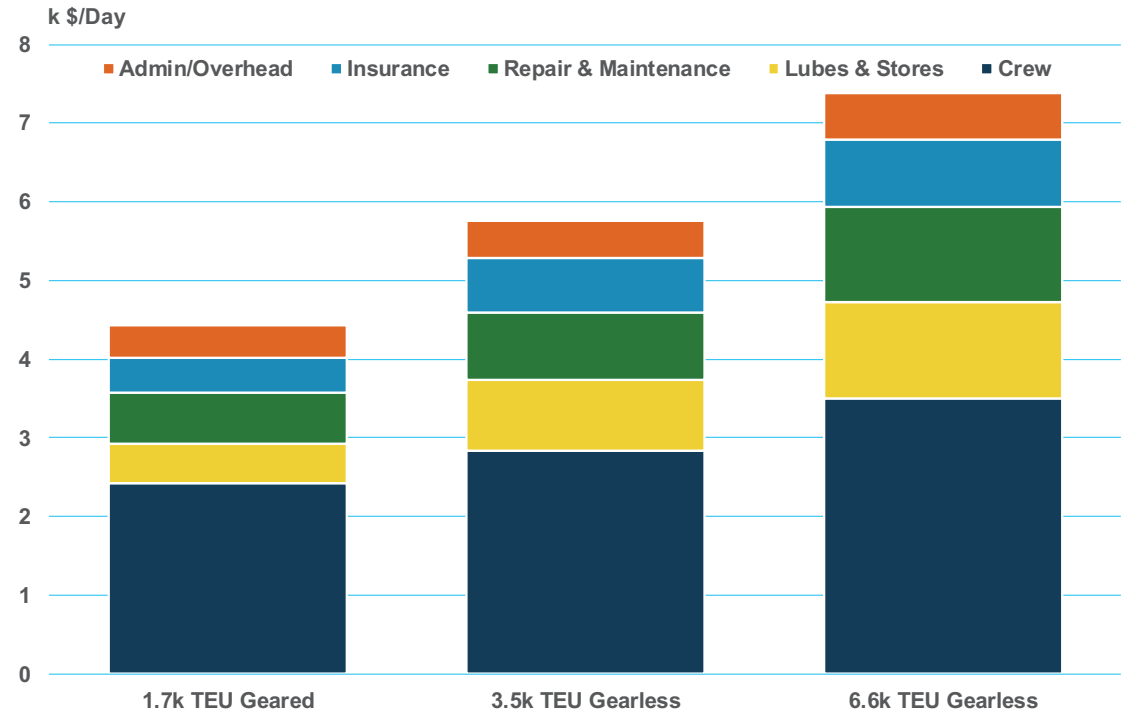


(Source: MSI)

4.5 ***Containership Operating Costs***

Indicative vessel operating costs by vessel size in 2017 are illustrated in Chart 3H – these costs are representative for modern vessels and include a provision for both the two-and-a-half year interim and five-year special surveys.

Chart 4H: Containership Daily Operating Costs (Modern Vessels)



(Source: MSI)

5.0 Other Commercial Shipping Sectors

5.1 *Chemical Tankers*

The global chemical industry is a cornerstone of the global economy. Chemicals are used to make consumer goods, as well as products consumed in the agriculture, manufacturing, construction, and other industries. Chemicals are key inputs to rubber and plastic products, textiles, clothing, petroleum refining, pulp and paper, and primary metals.

Chemical tankers carry three main bulk liquid cargo groupings:

- **Organic chemicals**, also known as petrochemicals, are carbon-based and primarily derived downstream of the oil and gas hydrocarbon industries. The major liquid organic chemicals in terms of seaborne traded volumes are methanol, p-xylene, ethylene glycol, styrene, MTBE, and benzene.
- **Inorganic chemicals** are typically mineral-based and comprise acids and alkalis. Trade is dominated by three cargoes: sulphuric acid, caustic soda and phosphoric acid.
- **Edible Oils** trade is dominated by palm oil whose by-products are widely used in the food, cosmetics, detergents, industrial chemicals and livestock industries. The other two most widely traded edible oils are soybean oil and sunflower oil.

Other specialty cargoes being transported via chemical tankers include biofuels – of which the most important is ethanol (derived from corn, wheat or sugarcane) – and molasses (extracted from sugarcane/beet).

Aggregate seaborne volumes for all main cargo types reached 244 MnT in 2017, with organics, edible oils and inorganics accounting for 45 per cent., 35 per cent., and 13 per cent. respectively of the total.

5.2 *Liquefied Natural Gas (LNG) Carriers*

Natural gas is one of the largest sources of energy in the world today, accounting for approximately 23 per cent. of global energy consumption. Traditionally used as an energy source for heating, cooking, electricity generation and as a chemical feedstock in manufacturing, it is also increasingly being used as a source of energy in transportation. As a clean-burning, abundant and cost-competitive fuel, natural gas has become an increasingly important part of the energy mix as countries strive to meet stricter emission targets.

Natural gas is either transported in a gaseous state through pipelines, or it is liquefied and transported in specialised transportation equipment by road, rail or sea. The liquefaction process involves cooling natural gas to -162°C. In its liquefied state, LNG occupies approximately 1/600th of the volume of natural gas in its gaseous state. Compared to other sectors, seaborne LNG trade remains relatively small. In 2017, total LNG shipments amounted to 291 MnT (629 Mn cubic metres), equivalent to approximately 9 per cent. of the volumes of crude oil and oil products transported in the same year.

5.3 *Liquefied Petroleum Gas (LPG) Carriers*

Liquefied petroleum gases are primarily comprised of propane and butane. These are flammable gases which are used as fuel for heating, cooking and transportation, in addition to a number of industrial uses. LPG is produced during natural gas processing and petroleum refining. LPG is liquefied under pressure and/or refrigeration and is transported in compressed and refrigerated form. The compression and refrigeration process is much simpler than that required for LNG. In addition to carrying propane and butane, LPG carriers also transport ammonia, chemical gases and ethane. Aggregate seaborne volumes for all main cargo types reached 119 MnT in 2017, with LPG, chemical gases, ammonia and ethane accounting for 70 per cent., 15 per cent., 12 per cent. and 3 per cent. respectively of the total.

5.4 *Vehicle Carriers*

Vehicle carriers are commonly referred to as Pure Car and Truck Carriers (PCTC) or Pure Car Carriers (PCC). PCTCs can best be described as floating multi-storey car parks, with a box-like superstructure running the entire length and breadth of the hull, fully enclosing the cargo. Although vessel designs

vary considerably, a typical modern PCTC will have 12 decks with capacity to carry between 6-8,000 cars. However, between two and four of the decks are normally hoistable to allow deck heights to be increased in order to carry high and heavy rolling equipment such as trucks, bulldozers and tractors. Cargo is loaded via a quarter ramp and a side ramp.

The first PCCs were built in the 1970s and were originally designed to carry Japanese cars from Japan to North America and Europe, and European cars from Europe to North America. During the five-year period ending in 2008, the PCTC sector experienced a surge in cargo demand as sales of imported vehicles in major markets such as Europe and North America boomed. This prompted extensive ordering of new vessels by both established owners as well as speculative investors looking to enter the market. The subsequent collapse in cargo demand in 2009 coincided with high newbuilding deliveries, leading to severe over-capacity.

Although cargo demand has recovered, the PCTC sector has until recently been burdened with excess vessel capacity. In recent years, car manufacturers have increasingly sought to increase vehicle assembly capacity closer to end consumption markets, undermining prospects for seaborne trade.

5.5 ***General Cargo/Multipurpose (MPP)***

MPP ships transport a wide variety of cargoes, from conventional bulk and unitised bulk cargoes to containers and oversized or heavy equipment. The ability of MPPs to carry a broad mix of different cargoes simultaneously means that they can be gainfully deployed on trades where cargo volumes are insufficient to justify employment of dedicated dry bulk or container vessels. MPPs are normally equipped with cargo handling gear, making them highly suitable to call at ports with less developed infrastructure.

The MPP sector has faced competitive pressure on multiple fronts in recent years. High cargo demand leading up to the 2009 economic crisis prompted excess ordering of newbuildings and the industry struggled to absorb new tonnage into the market. The situation was exacerbated by over-capacity in other sectors, with bulkers, containerships and PCTCs all competing for parts of the MPP cargo base, further undermining employment prospects for MPPs. However, MPP market has turned the corner during 2017-18, with little supply-side pressure from the orderbook and improving market conditions for project cargo.

5.6 ***Passenger/Cruise Ships***

Cruise ships are designed to carry passengers on holiday voyages, where both the vessel's itinerary/ports of call as well as the vessel's amenities form part of the cruise experience. The two most popular deployment areas for cruise ships are the Caribbean and the Mediterranean. The cruise industry has been in expansionary mode in recent years, aggressively ordering new and bigger ships to capture growth in existing markets as well as expanding in new markets such as Asia. The cruise ship industry is characterised by high barriers to entry, primarily due to the high cost of building and operating a cruise ship.

5.7 ***Vehicle and Passenger Ferries***

The ferry market can be broken down into three distinct segments:

(a) **Roll-on/roll-off (RoRo)** ships designed to carry wheeled cargo such as cars, trucks, buses, trailers and self-propelled heavy equipment

(b) **Passenger (Pax)** ships designed to carry passengers on shorter or longer journeys, with overnight ferries offering passenger accommodation facilities

(c) **RoPax** ships designed to carry both vehicles and passengers

RoRo/RoPax ships are typically operated on a fixed schedule on intra-regional routes, with Asia and Europe the biggest markets. A long period of sector overcapacity heightened by competition for cargo from both other shipping sectors (PCTC and containers) and other modes of transport (low cost flights, the Channel Tunnel and the Oresund Bridge) prompted a supply side correction, with owners reluctant to invest to make vessels compliant with stricter emissions regulations in the

Baltic/North Sea. With demand side fundamentals improving and limited supply side pressure from newbuilding deliveries, the shortsea RoRo market has seen a revival in fortunes during 2016-17.

5.8 ***Refrigerated Cargo Ships (Reefers)***

Reefer ships are designed to carry perishable commodities such as fruit, vegetables, meat, fish and other foods that require a temperature-controlled environment. However, the sector has been in steady decline since the early 1990s as reefer containers have taken an increasing share of the refrigerated cargo market. Although some niche trades still require reefer ships, the sector is unlikely to see significant growth and newbuilding requirements will be limited in future.

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PART III

THE INVESTMENT MANAGER, PROCESS AND STRATEGY

The Investment Manager

EnTrustPermal Ltd. serves as the investment manager and AIFM of the Company and is authorised and regulated by the Financial Conduct Authority.

The Company has entered into the Investment Management Agreement with the Investment Manager, pursuant to which the Investment Manager manages the Company's investments and assets in accordance with the Company's investment policy. The Investment Manager is also the Company's AIFM for the purposes of the AIFM Directive. A summary of the Investment Management Agreement is set out in paragraph 9(a)(ii) of Part VIII of this Prospectus.

Under the terms of the Investment Advisory Agreement, in accordance with Article 20 of the AIFM Directive, the Investment Manager has delegated discretionary investment authority over the assets of the Company to the Investment Adviser and has authorised the Investment Adviser to manage the Company's portfolio on a day to day basis and to perform related services. The provision of such services is subject always to the overall policy, instructions and supervision of the Investment Manager.

The Investment Adviser is registered as an investment adviser with the US Securities and Exchange Commission.

EnTrustPermal

With histories dating back to 1997 and 1973, respectively, EnTrust Capital ("**EnTrust**") and The Permal Group ("**Permal**") combined their deep industry knowledge and expertise on May 2, 2016 to create EnTrustPermal. As at 30 June 2018, EnTrustPermal had US$20.7 billion in assets under management.[1]

EnTrust was co-founded in 1997 by Managing Partner, Gregg S. Hymowitz, following his investment career at Goldman Sachs & Co. From inception, EnTrust saw a rise in assets under management, fostered by growth in the breadth and diversity of both its investor base as well as investment capabilities. Gregg Hymowitz is a member of the Investment Adviser's Blue Ocean Executive Committee in relation to the Blue Ocean Funds (described further below).

Permal was established in 1973 by Worms & Cie (later renamed Sequana) and was acquired by Legg Mason, Inc. (NYSE: LM), the U.S.-based asset management firm, in 2005. Permal has established itself as a leader in multi-manager, multi-strategy alternative investments, launching its first fund of hedge funds in 1973, offering investors an extensive range of regional and strategy focused multi-manager and customised portfolios.

With eleven offices worldwide, EnTrustPermal provides investment solutions to a global investor base comprised of public, corporate and multi-employer pension funds, foundations, endowments, sovereign wealth funds, insurance companies, private banks, family offices and high net worth individuals. As one of the world's largest hedge fund investors, EnTrustPermal, an affiliate of Legg Mason, has the global talent, scale and resources to bring clients meaningful innovation in a dynamic industry through an unwavering commitment to exceptional client service, with a keen focus on performance, risk management and transparency.

Blue Ocean Funds

In December 2015, Svein Engh joined EnTrustPermal to lead the launch of the "**Blue Ocean Funds**" (being, EnTrustPermal's direct lending private maritime debt funds, as described in the following paragraph). The first closing for the Blue Ocean Funds occurred in June 2017. EnTrustPermal raised US$216.2 million in the aggregate in new commitments across the Blue Ocean Funds and related vehicles. This is in addition to the US$89.6 million that the firm deployed in a maritime lending opportunity in 2016

1 Including assets under advisement and US$2.6 billion awarded but not yet funded.

and brought capital commitments in the maritime lending sector to over US$300 million in the aggregate as of 31 July 2018. The Blue Ocean Funds are targeting a further raise of approximately US$250m prior to 31 December 2018 which, if successful, would bring capital raised by the Blue Ocean Funds (excluding, for the avoidance of doubt, the Company) in the second half of 2018 to approximately US$365 million. The Net Issue Proceeds raised pursuant to the Issue by the Company are generally expected to be invested alongside this capital, as set out in the Company's investment policy.

Currently, the primary Blue Ocean Funds are comprised as follows:

- The Blue Ocean Fund, a sub-fund of EnTrustPermal ICAV;
- Blue Ocean Onshore Fund LP, a Delaware limited partnership; and
- Blue Ocean Income Fund LP, a Delaware limited partnership.

The Blue Ocean Funds will include the Company with effect from Admission.

Portfolio Snapshot

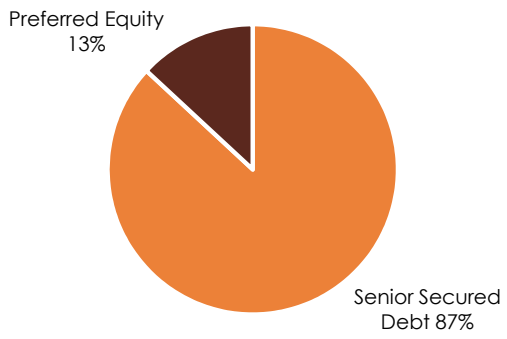
Total Invested Capital	US$ 301m
# of Vessels	55
Expected Average Commitment Size	US$ 25m
Average Vessel Age	8 years
Expected Average Life of Investments	3 years
% of Floating Rate Loans	64%

Performance Summary

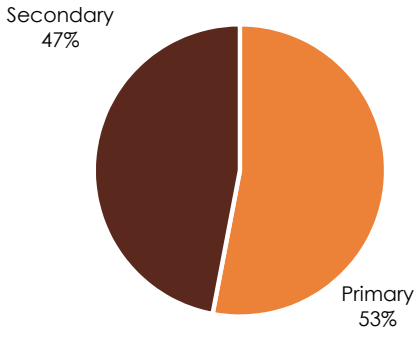
Total Invested Capital	US$ 301m
Current Value of Investments (NAV)	US$ 296m
Portfolio Distributions to Date	US$ 44m
Total Value and Distributions to Date	US$ 340m

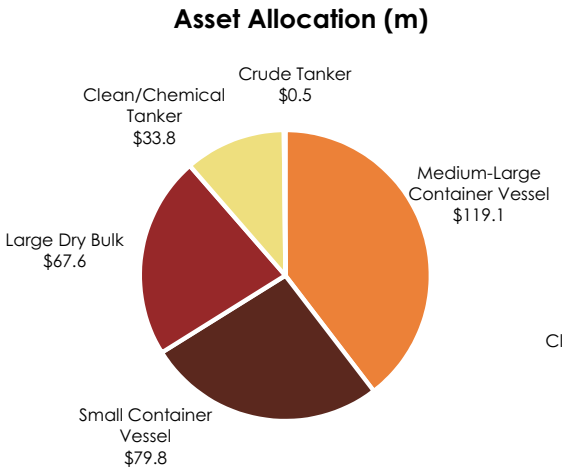
Source: EnTrustPermal, data from strategy inception in September 2016 to 31 July 2018 in aggregate across the Blue Ocean Strategy. 2017 and 2018 performance is estimated and is subject to change. Number of investments includes each tranche of any loans with multiple tranches. Past performance is no guarantee of future performance and investors should place no reliance on the past performance of the Blue Ocean Funds when making an investment decision.

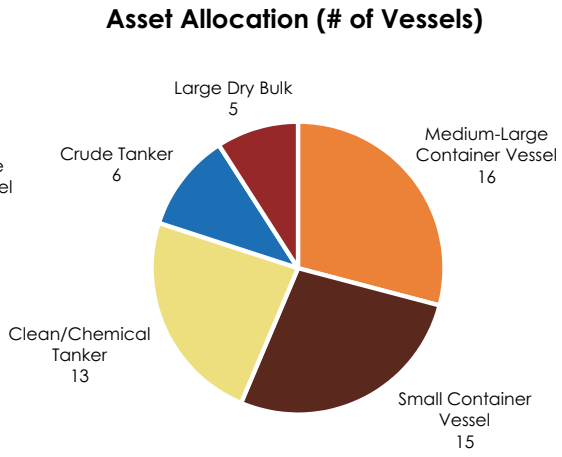
Portfolio Mix (Capital Invested)



Strategy (Capital Invested)







Source: EnTrustPermal, data from strategy inception in September 2016 to 31 July 2018 in aggregate across the Blue Ocean Strategy. 2017 and 2018 performance is estimated and is subject to change. Past performance is no guarantee of future performance and investors should place no reliance on the past performance of the Blue Ocean Funds when making an investment decision.

Key Investment Team Biographies

Svein Engh

Svein is a Managing Director of EnTrustPermal and serves as the Portfolio Manager of the firm's Blue Ocean Funds. Svein has over thirty years of global experience in financial services, predominantly in the Shipping and Offshore/Oil Services sectors. Among his various positions, Svein previously served as the Chief Executive Officer of Octavian Maritime Holdings, Inc. In 2012, Svein was selected to establish a new Shipping & Offshore business for CIT Group Inc. with a focus on growing a lending and leasing portfolio. Svein built a team of fifteen experienced shipping professionals at CIT. Svein holds a Bachelors and Masters of Business Administration from Ohio University, where he was the recipient of the Distinguished Professor's Scholarship and graduated with Honors.

Svein Engh manages a strong team of 3 investment professionals, including Mr Donnerstein, who are responsible for managing the Blue Ocean Funds' investments. The Blue Ocean team is supported by the wider EnTrustPermal business.

Omer Donnerstein

Omer is a Senior Vice President of EnTrustPermal and serves as an Investment Analyst of the firm's Blue Ocean Funds. Prior to joining EnTrustPermal, Omer was a Director & Group Head at CIT Maritime Finance overseeing CIT's financing activities in Maritime and Offshore. Prior to heading the Maritime team, Omer was responsible for CIT's maritime and offshore structured finance and lease transactions as well as developing the group's global relationships with financial institutions for primary and secondary opportunities. Prior to CIT, Omer was a Vice President at Octavian, a New York based special situation hedge fund, where he helped build and manage the fund's maritime investment portfolio. Omer also held positions in the finance and investment team of a multi-billion single family office, and as a corporate and securities attorney. Omer received his MBA from The Wharton School, University of Pennsylvania, and also has a Bachelor of Laws (LL.B).

Counterparty selection and loan management

The following paragraphs describe the Investment Adviser's current approach to the counterparty selection and loan management as at the date of this document. Such processes are subject to amendment from time to time.

In addition to targeting attractive entry points in the shipping cycle, counterparty selection is key to minimising investment losses. The Investment Adviser will source financing opportunities to Borrowers that the team's analysis indicates have quality assets and established management track records. The Investment Adviser aims to structure deals that optimise the downside risk to the Company whilst allowing

the Company to benefit in the upside. It will do this by selecting Borrowers based on a number of factors, primarily including the credit quality of the Borrower, the underlying vessel value and the Borrower's cash flow. The Investment Adviser will also seek to ensure that, where appropriate, the Company will have the benefit of security, insurance and other guarantees in relation to its investments.

Potential loan origination and secondary loan purchase opportunities, whether to be acquired through existing relationships of the Investment Adviser or through banks or other third party intermediaries, will be subjected by the team to an up-front collateral analysis and key risk assessment. The Investment Adviser will then conduct a thorough due diligence exercise, including customary checks designed to ensure the Borrower's ongoing compliance with applicable laws and regulations. A detailed investment memorandum will then be prepared by the team in relation to any proposed investment, which will be subject to changes in the Investment Advisers form of memorandum, from time to time, which typically include:

- a financial model of the proposed investment;
- an analysis of the track record of the Borrower's management and a review of its commercial/technical managers;
- an analysis of historical and prospective financial information regarding the prospective Borrower;
- a collateral summary, including details of any appraisals/inspections ordered to determine collateral value;
- primary risks and mitigants relating to the proposed investment; and
- an assessment of the Borrower's loan repayment capacity.

The Company may make investments in the form of asset leases. In such circumstances the Company, through a wholly or partially owned SPV, will acquire ownership of a shipping asset and lease the asset to Borrowers. The Company's indirect ownership of the asset in this circumstance is considered to be similar to the security provided by senior secured loans since, pursuant to the terms of the relevant lease agreement, upon the default of a lessee the SPV will be entitled to take possession of the leased vessel, either for sale or to conduct further leasing activities. Typically, the terms of lease agreements will include provisions allowing the lessee to acquire the leased asset for a predetermined price at the conclusion of the lease. Given that the Company will be exposed to the residual value of a leased vessel when an SPV takes possession (whether on enforcement of security or on the lessee's failure to exercise an option to acquire the leased asset at the conclusion of the lease), the Investment Adviser will, as part of its diligence process, have regard to the anticipated residual value of an asset and the identity of the counterparty when considering the terms of a proposed lease.

The investment memorandum will then be submitted for formal approval by the Blue Ocean Executive Committee, which currently comprises Svein Engh (Chairman), Gregg Hymowitz and Omer Donnerstein.

For each completed investment, the Investment Adviser, in conjunction with specialist third party advisers, will assess and monitor the Company's investments throughout their tenor. The primary purpose of the review is to reassess and monitor the Borrowers' continuing credit quality and to conduct ongoing stress testing at the portfolio level. Reviews will typically include financial positions, covenants, collateral and liquidation analysis and a market summary. In addition, the Investment Adviser will maintain contact with borrowers on a regular basis via in person meetings, conference calls and emails. The investment agreements will state the necessary frequency of the vessels' appraisals for a Borrower. The appraisals will be submitted by the Borrower(s) to the Investment Adviser. Assuming there is an LTV (loan-to-value) covenant in place, the team will verify the amounts and confirm compliance. The Investment Adviser will use the data generated by such ongoing monitoring to provide the Investment Manager and the Company with a quarterly report on the performance of the Company's investments.

Allocation policy of investment opportunities

Subject always to the terms of the investment policy, as amended from time to time, allocations of investments among the Company and the Investment Manager's other clients are made in accordance with the Investment Manager's allocation policy as in effect from time to time. It is the Investment Manager's current policy that no fund or other account for which Investment Manager has investment discretion (collectively, "**Investment Manager Clients**") shall receive preferential treatment over any other Investment Manager Client. In allocating securities among Investment Manager Clients with a substantially

similar investment strategy (including, for example the private investment funds, single investor funds and separately managed accounts that include as part of their investment mandate loans to shipping companies and investments in other maritime businesses), it is the Investment Manager's policy that all such Investment Manager Clients should be treated fairly and equally over time and that, to the extent possible, all Investment Manager Clients with a substantially similar investment strategy should receive equivalent treatment.

Subject always to the investment policy and the paragraph above, EnTrustPermal has established the following asset allocation policies in order to determine the allocation of investment opportunities among the Investment Manager Clients.

Investment opportunities generally will be allocated among those Investment Manager Clients for which participation in the respective opportunity is considered appropriate by the Investment Manager taking into account, among other considerations:

(a) the nature of the proposed investment and the size of the aggregate position available to Investment Manager Clients;

(b) each Investment Manager Client's investment objective and strategies;

(c) whether the risk-return profile of the proposed investment is consistent with the Investment Manager Client's objectives, whether such objectives are considered (i) solely in light of the specific investment under consideration or (ii) in the context of such Investment Manager Client's overall holdings;

(d) existing exposure to the proposed investment, if any, and the potential for the proposed investment to create an imbalance in the Investment Manager Client's portfolio;

(e) liquidity requirements of the Investment Manager Client;

(f) the Investment Manager Client's available cash to invest;

(g) tax considerations;

(h) legal and/or regulatory restrictions that would or could limit an Investment Manager Client's ability to participate in a proposed investment;

(i) the risk parameters for the Investment Manager Client's portfolio;

(j) overall portfolio construction for the Investment Manager Client; and

(k) other criteria the Investment Manager deems relevant (the nature and extent of the differences will vary from client to client).

As a result of the application of these factors, allocations and performance across Investment Manager Clients that are similarly situated may differ for particular investments or over time.

PART IV

COMPANY STRUCTURAL INFORMATION

Discount and premium management

Further Issues

The Board will have authority to allot up to ten per cent. of the Company's issued share capital immediately following Admission, such authority lasting until the first annual general meeting of the Company. In the unlikely event that the authority is used before the first annual general meeting, the Company may convene a general meeting to refresh the authority. Shareholders' pre-emption rights over this unissued share capital have been disapplied so that the Board will not be obliged to offer any such new Ordinary Shares to Shareholders *pro rata* to their existing holdings. The reason for this is to retain flexibility, following Admission, to issue new Ordinary Shares (including Ordinary Shares issued in accordance with the authority referred to above) to investors. Except where authorised by Shareholders, no Ordinary Shares will be issued at a price which is less than the Net Asset Value per existing Ordinary Share at the time of their issue unless they are first offered *pro rata* to Shareholders on a pre-emptive basis.

The Ordinary Shares carry the right to receive all dividends declared by the Company, subject to the right of the C Shares (if any have been issued by the Company) to receive dividends that the Directors resolve to pay out of the net assets attributable to the C Shares and from income received and accrued which is attributable to the C Shares.

The Articles contain provisions that permit the Directors to issue C Shares from time to time. C Shares are shares which convert into Ordinary Shares only when a specified proportion of the net issue proceeds of issuing such C Shares have been invested in accordance with the Company's investment policy (prior to which the assets of the Company attributable to the C Shares are segregated from the assets of the Company attributable to the Ordinary Shares). A C Share issue would therefore permit the Board to raise further capital for the Company whilst avoiding any immediate dilution of investment returns for existing Shareholders which may otherwise result.

The Directors have authority to issue up to 300 million C Shares on a non-pre-emptive basis until the fourth Annual General Meeting of the Company.

Purchase of own Ordinary Shares

The Company may seek to address any significant discount to NAV at which its Ordinary Shares may be trading by purchasing its own Ordinary Shares in the market. Ordinary Shares will only be repurchased at a price which, after repurchase costs, represents a discount to the Net Asset Value per Ordinary Share. Ordinary Shares which are bought back may be cancelled or held in treasury.

In order to address prolonged periods in which the Ordinary Shares trade at a discount, the Company will repurchase Ordinary Shares in accordance with the terms of the following three paragraphs.

If, in any 3 month rolling period, the Ordinary Shares have, on average, traded at a discount in excess of 5 per cent. to the Net Asset Value per Ordinary Share (calculated by comparing the middle market quotation of the Ordinary Shares at the end of each month in the relevant period to the prevailing published Net Asset Value per Ordinary Share (and, to the extent the shares have gone 'ex-dividend' for the purposes of the relevant middle market quotation, such net asset value will be exclusive of that dividend for the purposes of a fair comparison) as at such month end and averaging this comparative figure over the relevant period), the Company will, subject to meeting its Target Dividend, use 50 per cent. of the Company's capital and income proceeds (generated after the conclusion of such 3 month rolling period), to repurchase Ordinary Shares at least until such time as the Ordinary Shares have traded at an average discount of 1 per cent. or less to the Net Asset Value per Ordinary Share over a 2 week rolling period.

If, in any 6 month rolling period, the Ordinary Shares have, on average, traded at a discount in excess of 10 per cent. to the Net Asset Value per Ordinary Share (calculated by comparing the middle market quotation of the Ordinary Shares at the end of each month in the relevant period to the prevailing published Net Asset Value per Ordinary Share (and, to the extent the shares have gone 'ex-dividend' for the purposes

of the relevant middle market quotation, such net asset value will be exclusive of that dividend for the purposes of a fair comparison) as at such month end and averaging this comparative figure over the relevant period), the Company will, subject to meeting its Target Dividend, use 100 per cent. of the Company's capital and income proceeds (generated after the conclusion of such 6 month rolling period), to repurchase Ordinary Shares at least until such time as the Ordinary Shares have traded at an average discount of 1 per cent. or less to the Net Asset Value per Ordinary Share over a 2 week rolling period.

All Ordinary Share repurchases will be conducted in accordance with the Companies Act, the Market Abuse Regulation, the Listing Rules (to the extent that the Company has undertaken to voluntarily comply with such rules) and other applicable laws and regulations, and will be announced to the market via an RIS announcement on the same or the following Business Day.

Other than as set out above, the exercise by the Directors of the Company's powers to repurchase Ordinary Shares and the timing and structure of any such repurchase is entirely discretionary and no expectation or reliance should be placed on the Directors exercising such discretion.

The Directors have the authority to purchase in the market up to 14.99 per cent. of the Ordinary Shares in issue immediately following Admission. This authority will expire at the conclusion of the Company's first annual general meeting or if earlier, 18 months from the date on which the resolution conferring the authority was passed. The Directors intend to seek annual renewal of this authority from Shareholders at each annual general meeting.

It is the current intention of the Directors to hold any Ordinary Shares which have been bought back in treasury. This would give the Company the ability to re-issue Ordinary Shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base. Ordinary Shares held in treasury may be sold by the Company at prices equal to or above the prevailing Net Asset Value per Ordinary Share.

Continuation vote

The Company has no fixed life but, pursuant to the Articles, an ordinary resolution for the continuation of the Company will be proposed at the first annual general meeting of the Company to be held following the fifth anniversary of Admission and, if passed, every three years thereafter. Upon any such resolution not being passed, proposals will be put forward by the Directors to the effect that the Company be wound up, liquidated, reconstructed or unitised.

Investment trust status

The Directors intend at all times to conduct the affairs of the Company so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended.

In summary, in order for the Company to be eligible as an investment trust:

- all or substantially all of the Company's business consists of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving Shareholders the benefit of the results of the management of its funds;
- the Company's Ordinary Shares (and any other class of ordinary share which may be issued by the Company) must be admitted to trading on a regulated market, such as the Main Market of the London Stock Exchange, throughout the accounting period; and
- the Company must not be a venture capital trust (within the meaning of Part 6 of the Income Tax Act 2007) or UK REIT (within the meaning of Part 12 of the Corporation Tax Act 2010).

In order for the Company to maintain its investment trust status it must:

- be tax resident in the UK;
- not be a close company;
- not retain in respect of any accounting period an amount which is greater than 15 per cent. of its income for the period; and
- notify HMRC if it revises its investment policy or breaches the regime.

The AIFM Directive

Under the AIFM Directive, certain conditions must be met to permit the marketing of shares in AIFs to prospective and existing investors in the EEA, including that prescribed disclosures are made to such investors.

The Company operates as an externally managed EEA domiciled AIF with an EEA AIFM for the purposes of the AIFM Directive. The Investment Manager is authorised to act as a full-scope AIFM under the AIFM Directive.

An AIFM may only market an AIF to EU investors if it is authorised by a relevant EU regulator or if it complies with national private placement regimes. The Investment Manager has filed with the FCA a notification pursuant to Article 31(2) of the AIFM Directive to market the Ordinary Shares to professional investors in the UK under the AIFM Directive.

The Company cannot guarantee that any relevant conditions to marketing will be satisfied. In cases where any such conditions are not satisfied, the ability of the Company to market Ordinary Shares or raise further equity capital in the EEA may be limited or removed.

Any regulatory changes arising from implementation of the AIFM Directive (or otherwise) that limit the Company's ability to market future issues of its Ordinary Shares may materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company's business, financial condition, results of operations, Net Asset Value and/or the market price of the Ordinary Shares.

The Company and the Investment Manager may, in the future, if considered operationally efficient, transfer the portfolio management and risk management functions for the Company to the Investment Adviser or another affiliate of the Investment Manager.

NMPI status

As the Company is an investment trust, the Ordinary Shares will be "excluded securities" under the FCA's rules on non-mainstream pooled investments. Accordingly, the promotion of the Ordinary Shares is not subject to the FCA's restriction on the promotion of non-mainstream pooled investments.

Eligibility for investment by UCITS or NURS

The Company has been advised that the Ordinary Shares are "transferable securities" and, therefore, should be eligible for investment by UCITS or NURS on the basis that: (i) the Company is a closed-ended investment company incorporated in England and Wales as a public limited company; (ii) the Ordinary Shares are to be admitted to trading on the Specialist Fund Segment; and (iii) the Investment Manager is authorised and regulated by the FCA. The manager of a UCITS or NURS should, however, satisfy itself that the Shares are eligible for investment by that UCITS or NURS, including the factors relating to that UCITS or NURS itself, specified in the Collective Investment Schemes Sourcebook of the FCA Handbook.

Taxation

Potential investors are referred to Part VII of this Prospectus for details of the taxation of the Company and Shareholders in the UK. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers prior to making a subscription for Ordinary Shares.

Risk factors

The Company's performance is dependent on many factors and potential investors should read the whole of this Prospectus and, in particular, the section entitled "Risk Factors" on pages 18 to 42 of this Prospectus.

Corporate governance

The Company intends to comply with the provisions of the Listing Rules which require that the Company must "comply or explain" against the UK Corporate Governance Code (the "**Governance Code**"). In addition, the Disclosure Guidance and Transparency Rules require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements.

The Directors have considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained in the AIC Guide, addresses all the principles set out in the Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Governance Code) will provide better information to Shareholders.

As a newly incorporated company, the Company does not comply with the Governance Code or the AIC Code as at the date of this Prospectus. However, the Directors recognise the value of the Governance Code and have taken appropriate measures to ensure that from Admission the Company will comply, so far as is possible given the Company's size and nature of business, with the AIC Code. The areas of non-compliance by the Company with the AIC Code will be as follows:

The Governance Code includes provisions relating to the role of the chief executive; executive directors' remuneration; and the need for an internal audit function. For the reasons set out in the AIC Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company, and the Company will not therefore comply with them.

Meetings and reports

The Company expects to hold its first annual general meeting in the second quarter of 2019 and subsequent annual general meetings in the second quarter of each calendar year. The Company's audited annual report and accounts will be prepared to 31 December each year, commencing in 2018, and it is expected that copies will be sent to Shareholders in April each year, or earlier if possible. Shareholders will also receive an unaudited interim report each year in respect of the period to 30 June, expected to be published in September in each year, or earlier if possible. The Company's audited annual report and accounts and interim report will be available on the Company's website.

The Company's accounts and the annual report will be drawn up in US dollars and in accordance with IFRS.

Soon after each quarter end, the Company will publish an unaudited Net Asset Value announcement which, in the case of the 30 June and 31 December quarter end, will be ahead of the respective interim and annual report announcement.

Net Asset Value calculation and publication

Under the AIFM Directive the Investment Manager has certain responsibilities in relation to the proper valuation of the assets of the Company. The Administrator has been appointed by the Company to calculate and publish the Net Asset Value and the Net Asset Value per Ordinary Share. The Administrator and the Investment Manager have agreed that the Net Asset Value and the Net Asset Value per Ordinary Share shall be calculated using the valuation of the Company's investments made in accordance with the Investment Manager's valuation and pricing policy, as amended from time to time (the "**Valuation Policy**").

The unaudited Net Asset Value of the Company will be calculated quarterly and shall be determined by valuing the assets of the Company (including income accrued but not collected) and deducting the liabilities of the Company.

Below are the methodologies to be applied in relation to the valuation of the Company's investments as at the date of this Prospectus.

Valuation methodologies

The valuation methodologies are divided into four distinct sub-sections depending on the nature of the investment. The methodology for secured investments incorporates a simulation-based framework. The asset values and earnings are generally simulated around their cyclical expectations and a data driven approach is taken towards collateral recoveries. The methodology for unsecured investments follows a different strand of literature based upon the financial metrics of the Borrower. The individual characteristics of each investment type are highlighted below:

(a) *Senior secured Debt Assets*

Senior secured debt is defined as capital allocated by the Company to a portfolio of assets (vessels) where the facility is typically overcollateralised.

The methodology for valuing an asset backed facility broadly follows the seminal work of Merton (1974)[2] and subsequent variations as the literature progressed over time. There are three components that are evaluated in order to arrive at a comparable and consistent risk measure for an asset backed facility, being (i) probability of default; (ii) loss given default; and (iii) expected loss, each modelled and calculated according to an established set of principles agreed between the Third Party Valuer and the Investment Adviser.

(b) *Excess yield*

Excess yield is calculated as the difference between the loan yield and the comparable yield based on a relevant benchmark agreed between the Third Party Valuer and the Investment Adviser.

(c) *Unsecured investments*

Unsecured exposure is valued using the corporate credit default modelling methodology. This follows the seminal work of Altman (1968)[3] and following work catalogued in Altman et. al., (1997)[4]. The methodology is a weighted outcome of financial ratios scored by Moody's. The scores (based on weighted outcome of the financial ratios) aggregate to a shadow rating. The rating is then used to derive a probability of default for the unsecured component of the transaction. Additional support for the selected financial ratios can also be found in Grammenos et. al., (2007)[5].

(d) *Equity investments*

There could be two components that need to be valued using the equity valuation methodology: (i) back end fees secured against the asset; and (ii) preferred equity/mezzanine transactions. The individual components that are relevant to this process are highlighted below:

(i) Terminal value distribution: the asset value is simulated using the Third Party Valuer's stochastic processes around the asset depreciation profile. Path dependency is key to working out whether the terminal value is in the money in order for the fee to be paid out. The path dependency also needs to allow for the fact that there may be early exercise which is simulated further assuming a uniform distribution. The methodology is similar to pricing an option on the outcome of asset values.

(ii) Payoff outcomes for mezzanine structures: waterfalls are modelled into the structure based on the relevant investment agreement. Each iteration of the stochastic process for asset values and earnings will be taken through the waterfall and the payoff (if any) apportioned. Early payoffs are further simulated within the iteration using a uniform distribution.

(iii) Expectations: the median of the discounted payoffs is taken to be the option premium or the proxy for the secured fee.

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2 Merton, Robert C. "On the pricing of corporate debt: The risk structure of interest rates." *The Journal of finance* 29.2 (1974): 449-470.

3 Altman, Edward I. "Financial ratios, discriminant analysis and the prediction of corporate bankruptcy." *The journal of finance* 23.4 (1968): 589-609.

4 Altman, Edward I., and Anthony Saunders. "Credit risk measurement: Developments over the last 20 years." *Journal of banking & finance* 21.11-12 (1997): 1721-1742.

5 Grammenos, Costas Th, Amir H. Alizadeh, and Nikos C. Papapostolou. "Factors affecting the dynamics of yield premia on shipping seasoned high yield bonds." *Transportation Research Part E: Logistics and Transportation Review* 43.5 (2007): 549-564.

(iv) Early exercise: the probability of early exercise is non-conditional and this is drawn randomly from a uniform distribution for either the secured fee component or also the preferred equity component where applicable.

Notwithstanding the valuation principles set out above, on occasions when it is not possible or appropriate to apply the above principles (such as the non-availability of a relevant pricing source or where prices are "stale" or relate to impaired securities) the valuation of a specific asset may be carried out under an alternative method of valuation if the Investment Manager deems it necessary. The Investment Manager may in good faith permit any other method of valuation to be used if it considers that such method of valuation better reflects value. The alternative method of valuation and the rationale/methodologies involved will be clearly documented.

The Investment Manager may adjust the value of investments if it considers that such adjustment is required to reflect the fair value thereof, in the context of currency, marketability, dealing costs and such other considerations which are deemed relevant. The adjustment and the rationale/methodologies involved will be clearly documented.

Any value not denominated in the US dollars will be converted into US dollars at the relevant valuation date, having regard, among other things, to any applicable premium or discount and to costs of exchange.

The Investment Manager is responsible for the proper valuation of the assets of the Company, and the Administrator is responsible for the calculation of the Net Asset Value and the publication of the same. MSI has been appointed as an Third Party Valuer by the Investment Manager. The Investment Manager's liability towards the Company and the Shareholders shall not be affected by the fact that MSI has been appointed as an Third Party Valuer.

The Third Party Valuer will coordinate with the Investment Adviser throughout each quarterly valuation process, and the Investment Adviser will monitor the accuracy of the application of the valuation methodology employed by the Third Party Valuer (but does not approve the valuation itself).

The unaudited Net Asset Value and the Net Asset Value per Ordinary Share shall be published through RIS announcements and made available through the Company's website as soon as practicable after the calculation of the unaudited Net Asset Value and such other day or days as the Directors may determine.

Suspension of the calculation of Net Asset Value

The Directors may, at any time and without prior notice to the Shareholders, temporarily suspend the calculation of the Net Asset Value or the Net Asset Value per Ordinary Share during:

(a) any period when any exchange, other board of trade or over-the-counter market on which a substantial portion of the Company's Portfolio Investments is quoted is closed, other than for ordinary holidays and weekends, or during periods in which dealings for a substantial portion of Portfolio Investments are restricted or suspended or where a contract for differences cannot be closed out on the relevant date;

(b) any breakdown in the means of communication normally employed in determining the price or value of any portion of the Portfolio Investments, or when for any other reason the prices or values of any Portfolio Investments cannot reasonably be promptly and accurately ascertained;

(c) any period during which for any other reason it is not possible to ascertain the price or value of one or more of the Portfolio Investments;

(d) any period when the transfer of funds involved in the realisation or acquisition of any Portfolio Investments cannot, in the opinion of the Directors, be effected at normal rates of exchange;

(e) any other such period when, in the opinion of the Directors, determination of the Net Asset Value of would not be reasonable or practicable or would be prejudicial to Shareholders; or

(f) the period in which the Company is winding down its business.

Any such suspension shall be communicated through an RIS announcement without delay.

PART V

DIRECTORS AND ADMINISTRATION

The Directors

The Directors, all of whom are considered to be independent of the Investment Manager for the purposes of the Listing Rules, are responsible for managing the business affairs of the Company in accordance with the Articles and the investment policy and have overall responsibility for the Company's activities including its investment activities and reviewing the performance of the Company's portfolio.

The Directors may delegate certain functions to other parties such as the Investment Manager, the Administrator, the Depositary and the Registrar. In particular, the Directors have delegated responsibility for day to day management of the investments comprised in the Company's portfolio to the Investment Manager. The Directors have responsibility for exercising supervision of the Investment Manager.

David MacLellan (Chairman) (independent) (aged 59)

David MacLellan, a resident of the United Kingdom, is the founder and currently Chairman of RJD Partners, a midmarket private-equity business focused on the services and leisure sectors. Previously, Mr. MacLellan was an executive director of Aberdeen Asset Managers plc following its acquisition in 2000 of Murray Johnstone where he was latterly Chief Executive having joined the company in 1984. Mr. MacLellan has served on the boards of a number of companies and is currently chairman of John Laing Infrastructure Fund and a non-executive director of J&J Denholm Limited, a private company registered in England with its headquarters in Glasgow, which operates in the shipping industry. He resigned as a non-executive director of Maven Income and Growth VCT 2 plc. with effect from 16 September 2015.

Mr. MacLellan is a past council member of the British Venture Capital Association and a member of the Institute of Chartered Accountants of Scotland.

Timothy Luckhurst (independent) (aged 52)

Timothy Luckhurst is an experienced senior financier with a 34-year banking career that specialised in asset finance, relationship management, developing new business and fostering a broad network.

Mr. Luckhurst is currently Head of Treasury at Optivo, a 44,000 unit housing association with properties in London, the South East and the Midlands, and is responsible for sourcing liquidity to finance a £3.5 billion build programme.

In his previous role at Royal Bank of Scotland, Mr. Luckhurst had global responsibility for formulating strategy and executing complex projects within tightly defined timelines. This led to assignments across Europe, Asia and North America, as well as setting up and running a debt advisory business in the Middle East for 2 years. His final role at Royal Bank of Scotland saw him lead their efforts to exit its ship finance business by managing the sale of its loan book to private equity, traditional banks and alternative pools of investment capital – loan sales of c.$2.7 billion achieved in 2016 and 2017. Prior to the Royal Bank of Scotland's decision to exit shipping finance, he was responsible for managing its capital via day one loan structuring, ensuring the most efficient use of Royal Bank of Scotland's capital and returns reflective of client, market and asset risk.

Soha Gawaly (independent) (aged 50)

Soha Gawaly is the Managing Director and founding partner of Strategic Investments Group Limited, since 2002 an exclusive Institutional distributor for a select group of fund managers in Europe. Mrs. Gawaly is also a director of Strategic Active Trading Funds Plc, an Irish UCITS umbrella Investment company and Strategic Investments funds Plc. Recently Mrs. Gawaly has been appointed Governor of City of London Corporation's City of London School for girls.

Prior to forming Strategic Investments Group, Mrs. Gawaly worked for Merrill Lynch & Co. in London. Before that, Mrs. Gawaly worked for 7 years with Arthur Andersen as a Senior Management Consultant in the Corporate Finance and Emerging Markets Division covering the Middle & Far East and Central &

Eastern Europe, assisting Central Banks and Capital Market Authorities in implementing privatisation projects and financial restructuring. Mrs. Gawaly has also worked for Bechtel in the Middle East as a Financial Analyst providing consultancy services to the Engineering Industries Company (EIC) in the implementation of its privatisation program.

Mrs. Gawaly holds an MBA degree from American University in Cairo.

Audit Committee

The Company's Audit Committee, comprising all the independent Directors of the Company, other than the Chairman (which as at the date of this Prospectus will be all the Directors of the Company, other than the Chairman) will meet formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and remuneration of the auditor and to review the annual accounts, interim reports and interim management statements. Where non-audit services are to be provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement will be considered before proceeding. Soha Gawaly will act as chair of the Audit Committee. The principal duties of the Audit Committee will be to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor, to review the external auditors' letter of engagement and management letter and to analyse the key procedures adopted by the Company's service providers.

Management Engagement Committee

The Company's Management Engagement Committee, comprising all the independent Directors of the Company (which as at the date of this Prospectus will be all the Directors of the Company), will meet formally at least once a year for the purpose, amongst other things, of reviewing the actions and judgments of the Investment Manager and any of its appointed delegates (including the Investment Adviser) and also the terms of the Investment Management Agreement. David MacLellan will act as chairman of the Management Engagement Committee.

Remuneration and Nomination Committee

The Company's Remuneration and Nomination Committee, comprising all the independent Directors of the Company (which as at the date of this Prospectus will be all the Directors of the Company), will meet formally at least once a year for the purpose of, amongst other things, considering the framework and policy for the remuneration of the Directors pursuant to the Articles and to review the structure, size and composition of the Board. No Director shall be involved in any decisions as to their own remuneration. Timothy Luckhurst will act as chairman of the Remuneration and Nomination Committee.

Matters reserved for the Board

The Board has overall responsibility for the Company's activities, including reviewing its investment activity, performance, business conduct and policy and, unless required to be performed by the Investment Manager as a matter of law, certain matters have been reserved for consideration by the Board, including (but not limited to):

- approving the Company's long term objective and any decisions of a strategic nature including any change in investment objective, policy and restrictions, including those which may need to be submitted to Shareholders for approval;
- reviewing the performance of the Company in light of the Company's strategy objectives and budgets ensuing that any necessary corrective action is taken;
- the appointment, overall supervision and removal of key service providers and any material amendments to the agreements or contractual arrangements with any key delegates or service providers;
- approving any interim dividends, any recommendation to shareholders in respect of final dividends and the Company's dividend policy;

- approving any transactions with "related parties" for the purposes of the Company's voluntary compliance with Listing Rule 11;
- the review of the Company's corporate governance arrangements; and
- approving any actual or potential conflicts of interest.

Directors' share dealings

The Directors have adopted a code of directors' dealings in Ordinary Shares (the "**Share Dealing Code**") in order to ensure that, in particular, any such dealings take place in accordance with the terms of the Market Abuse Regulation. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Share Dealing Code by the Directors.

Administrator

Maitland Administration Services Limited has been appointed to provide administrative and company secretarial services to the Company pursuant to the Administration Services Agreement (further details of which are set out in paragraph 9(a)(iii) of Part VIII of this Prospectus).

The Administrator will be responsible for the maintenance of the books and financial accounts of the company and the calculation, in conjunction with the Investment Manager, of the Net Asset Value of the Company and the Ordinary Shares.

The secretarial services to be provided by the Administrator will include production of the Company's accounts, regulatory compliance and providing support to the Board's corporate governance process and its continuing obligations under the Listing Rules (to the extent the Company has undertaken to voluntarily comply with such rules) and the Disclosure Guidance and Transparency Rules. In addition, the Administrator will be responsible for liaising with the Company, the Investment Manager and the Registrar in relation to the payment of any dividends, as well as general secretarial functions required by the Companies Act (including but not limited to the maintenance of the Company's statutory books).

Depositary

INDOS Financial Limited has been appointed as the Company's Depositary pursuant to the Depositary Agreement (further details of which are set out in paragraph 9(a)(iv) of Part VIII of this Prospectus). The Depositary is authorised and regulated by the FCA. The Depositary has delegated its obligations in respect of the safe keeping of the Company's financial instruments to Sparkasse Bank Malta plc.

The Depositary was incorporated as a limited company under the laws of England and Wales on 16 October 2012.

Registrar

Computershare Investor Services PLC has been appointed as the Company's Registrar pursuant to the Registrar Agreement (further details of which are set out in paragraph 9(a)(v) of Part VIII of this Prospectus).

Auditor

It is anticipated that PricewaterhouseCoopers LLP will provide audit services to the Company.

Fees and expenses

Initial expenses

The costs and expenses of the Issue which will be paid by the Company are capped at 2 per cent. of Gross Issue Proceeds and will not exceed US$2.5 million, assuming Gross Issue Proceeds are US$125 million. Any costs and expenses of the issue in excess of the 2 per cent. cap are payable by the Investment Manager.

The costs and expenses of the Issue payable by the Company will be paid out of Gross Issue Proceeds and will therefore be borne indirectly by the investors. On the assumption that the Company achieves the Minimum Gross Proceeds of US$125 million pursuant to the Issue, the Net Asset Value of the Company immediately following Admission is expected to increase by US$122.5 million.

The costs and expenses of the Issue will be paid on or around Admission and will include, without limitation, placing fees and commissions; registration, listing and admission fees; printing, advertising and distribution costs; legal fees, and any other applicable expenses. All such expenses will be immediately written off.

Ongoing expenses

Investment Manager's fees

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee and a performance fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties.

Management fee

The management fee is equal to the sum of (i) 1 per cent. on the first US$500 million of the Company's Net Asset Value (excluding cash); and (ii) 0.8 per cent. of the Company's Net Asset Value in excess of US$500 million, in each case per annum (the "**Management Fee**").

Company assets held in cash, cash deposits or cash equivalent deposits shall be deemed to be excluded from the Company's Net Asset Value for the purposes of calculating the Management Fee.

The Management Fee shall accrue and be payable quarterly in arrear on or before the tenth Business Day immediately succeeding the publication of the Net Asset Value immediately following the end of the relevant calendar quarter. The Management Fee will be calculated on the basis of the relevant part of the Net Asset Value as at the close of business on the last Business Day of each quarter in respect of which the Management Fee is to be paid.

The Management Fee will be reduced by an amount equal to the Company's *pro rata* share of any transaction fees, break-up fees, investment banking fees, closing fees, or consulting fees received in the relevant quarter which the Investment Manager (or an affiliate within the Manager's Group, but excluding for the avoidance of doubt any investment funds or vehicles managed by the Manager or such affiliate that participate in the investment) receives from investments of the Company ("**Transaction Fees**"). The Company's *pro rata* share of any Transaction Fees will be in proportion to the Company's economic interest in the investment(s) to which such Transaction Fees relate.

If there are C Shares in issue, the Management Fee will be charged on the net assets attributable to the Ordinary Shares and the C Shares respectively, provided that if there are C Shares in issue and the Company's aggregate Net Asset Value exceeds US$500 million (as adjusted to exclude cash, cash deposits or cash equivalent deposits), the Management Fee calculation shall be applied, firstly, against all net assets attributable to the Ordinary Shares; and, subsequently, against the net assets attributable to the C Shares.

Performance fee

The Investment Manager will also be entitled to a performance fee calculated in accordance with the terms set out below from time to time (the "**Performance Fee**").

The Performance Fee will be calculated in respect of each twelve month period starting on 1 January and ending on 31 December, provided that (i) the first period in which the performance fee shall be calculated will be the period starting on the date of Admission and ending on 31 December 2019; and (ii) the final calculation period shall end on the day on which the Manager ceases to provide services pursuant to this Agreement or, if earlier, the Business Day immediately preceding the day on which the Company goes into liquidation (each a "**Performance Period**").

In respect of each Performance Period where the Total Return exceeds the Performance Hurdle, the Investment Manager shall be entitled to receive an amount equal to the lesser of:

(i) 100 per cent. of the Excess Total Return relating to the Performance Period;

(ii) 15 per cent. of the Total Return relating to the Performance Period; and

(iii) 5 per cent. of the Adjusted NAV as at the last day of a Performance Period.

For the purposes of the Performance Fee, the follows terms shall have the meanings set out below:

"**Excess Total Return**" means, in relation to a Performance Period, the amount in US dollars by which the Total Return exceeds the Performance Hurdle;

"**Total Return**" means, in relation to a Performance Period, the amount, in US dollars, by which the Adjusted NAV at the end of a Performance Period plus distributions to Shareholders declared in respect of that Performance Period (including those distributions in respect of the Performance Period declared after the Performance Period), exceed the Adjusted NAV at the end of the prior Performance Period;

"**Adjusted NAV at the end of a Performance Period**" shall be the audited NAV in US dollars at the end of the relevant Performance Period (i) prior to any adjustment as a result of any performance fee in respect of that Performance Period (but not, for the avoidance of doubt, in respect of any other Performance Period, the amount of which Performance Fee shall be deducted in full whether or not paid at that time), and (ii) reduced by any distribution declared in respect of the Performance Period but which has not already reduced the audited NAV and (iii) reduced by any Net Capital Change during the Performance Period where the Net Capital Change is positive or, correspondingly, increased by any Net Capital Change during the Performance Period where such Net Capital Change is negative;

"**Adjusted NAV at the end of the Prior Performance Period**" shall be the audited NAV in respect of that prior Performance Period but reduced by any distribution declared in respect of that prior Performance Period but which had not already reduced the audited NAV at the end of that prior Performance Period, provided that the Adjusted NAV at the end of the Prior Performance Period will also be deemed to have accounted for all Performance Fees payable in respect of that Performance Period or any previous Performance Period, whether or not paid at that time;

"**Net Capital Change**" equals I minus R where:

I is the aggregate of the net proceeds of any Share issue during a Performance Period,

R is the aggregate of amounts disbursed by the Company in respect of Share redemptions or repurchases during a Performance Period; and

"**Performance Hurdle**" means, in relation to each Performance Period, "A" multiplied by "B" where:

"A" is 7 per cent. (calculated as an annual rate and adjusted to the extent the Performance Period is greater or shorter than one year); and

"B" is (i) the Adjusted NAV at the end of the Prior Performance Period; plus (where such sum is positive) or less (where such sum is negative) (ii) the sum of (a) in respect of each Share issue undertaken in the relevant Performance Period being assessed, an amount equal to the Net Capital Change attributable to that Share issue multiplied by the sum of the number of days between admission to trading of the relevant Shares and the end of the relevant Performance Period divided by 365; less (b) in respect of each repurchase or redemption of Shares undertaken in the relevant Performance Period being assessed, an amount equal to Net Capital Change attributable to that Share purchase or redemption multiplied by the number of days between the relevant disbursement of monies to fund such repurchase or redemption and the end of the relevant Performance Period divided by 365.

If, on the last day of a Performance Period (each a "**Period End Date**"), a Performance Fee is determined to be payable (following the calculation described in the paragraph above) in respect of any Performance Period an amount equal to (i) one third of such Performance Fee shall become payable immediately; (ii) one third of such Performance Fee shall become payable on the first subsequent Period End Date ("**Period End Date B**") if, on Period End Date B, the Adjusted NAV at that date exceeds the Hurdle calculated in

respect of Period End Date B; and (ii) one third of such Performance Fee shall become payable on the second subsequent Period End Date ("**Period End Date C**") if, on Period End Date C, the Adjusted NAV at that date exceeds the Hurdle calculated in respect of Period End Date C.

On the date of termination of the Investment Management Agreement, other than in certain limited circumstances where the Company has terminated the Investment Management Agreement as a result of certain actions or omissions of the Investment Manager, or a loss of the Investment Manager's regulatory authorisation, all Performance Fees deferred but unpaid as at the date of such termination ("**Deferred Performance Fees**") shall become immediately payable, and the tests described in the paragraph above shall not be applied to such Deferred Performance Fees.

For the avoidance of doubt, no Performance Fee is payable from the net assets attributable to C Shares in issue at any time.

Other fees and expenses

The Company will also incur further on-going annual fees and expenses, which will include the following:

- Administrator

  Under the terms of the Administration Services Agreement, the Administrator is entitled to an annual fee in respect of administration services it will provide of an amount equal to the greater of: (a) 1/12th of £70,000 per month; and (b) £70,000 per annum of the portion of NAV up to, and including, US$195 million; plus an amount equal to 0.03 per cent. per annum of the next US$130 million of NAV; plus an amount equal to 0.02 per cent. per annum on the next US$325 million of NAV; plus an amount equal to 0.015 per cent. per annum on the next US$650 million of NAV; plus an amount equal to 0.01 per cent. per annum of the NAV thereafter. The Administrator is also entitled to a fixed annual fee in respect of company secretarial services it will provide of £35,000 (exclusive of VAT) per annum.

- Registrar

  The Registrar will be entitled to an annual register maintenance fee from the Company equal to £1.45 per Shareholder per annum or part thereof; with a minimum of £4,800 (exclusive of VAT) per annum. Other registrar services will be charged in accordance with the Registrar's normal tariff as agreed between the Company and the Registrar from time to time.

- Depositary

  Under the terms of the Depositary Agreement, the Depositary is entitled to a periodic fee calculated as follows:

  (a) where the NAV is less than or equal to $500 million, 0.015 per cent. of the NAV per annum, subject to a minimum fee of £24,000 per annum (which is to be reduced to £15,000 for the first six months after the date of Admission); and

  (b) where the NAV is greater than $500 million, an additional 0.01 per cent. per annum in respect of that part of the NAV which is in excess of $500 million.

  The Depositary shall invoice the Company quarterly in arrear in respect of the periodic fee (together, if applicable, with any VAT thereon). The Depositary is entitled to charge an additional fee where the Company undergoes a lifecycle event (for example, a reorganisation) which entails additional work for the Depositary. Such a fee will be agreed with the Company on a case by case basis.

  All charges may be subject to change from time to time, as agreed between the Depositary and the Company. All charges are subject to VAT (if applicable).

  The Depositary will, in addition, be entitled to recover reasonable third party expenses and disbursements.

  The Depositary has delegated its obligations in respect of the safe keeping of the Company's financial instruments to the Custodian. A custody fee in respect of the fees and expenses of the Custodian will be payable by the Company in addition to the fees charged by the Depositary, subject to a minimum annual fee of €10,000.

- Receiving Agent

  Under the terms of the Receiving Agent Services Agreement, the Receiving Agent is entitled to a fee of £5,000 (exclusive of VAT) plus certain other fees including a processing fee per Offer for Subscription Application. The Receiving Agent will also be entitled to reimbursement of all out-of-pocket expenses reasonably incurred by it in connection with its duties.

- Directors

  The Directors will be remunerated for their services at a fee of £35,000 per annum (plus £10,000 per annum for the Chairman, £5,000 per annum for the chair of the Audit Committee and £2,500 per annum for the chair of the Remuneration and Nomination Committee). Further information in relation to the remuneration of the Directors is set out in Part VIII of this Prospectus.

- Other operational expenses

  In addition to the foregoing fees and expenses, the Company' expenses, where applicable, may include, without limitation, operating expenses such as investment-related expenses (i.e., expenses that the Investment Manager or Investment Adviser reasonably determine to be related to the investment of the Company's assets, such as, brokerage commissions, custodial fees, bank service fees, credit report costs, the costs and expenses of securing and maintaining any line of credit or liquidity facility, including interest expense and commitment fees, and other fees, costs and expenses related to an investment (whether or not consummated), including legal costs, structuring costs, appraisal costs, loan origination and related activity, servicing and administration costs and other costs of purchasing, performing due diligence and monitoring investments (whether or not consummated); investment related travel expenses and travel expenses incurred in sourcing loans from fund sponsors and prospective Borrowers and monitoring and conducting due diligence on existing and potential investments; professional fees relating to investments (including, without limitation, expenses of consultants and experts); subscription fees for market data services, databases and related research expenses and other due diligence tools; third-party valuations; fees of professional advisers appointed to assist the Company's operations, including independent auditors, legal counsel, risk management and compliance consultants and, where appropriate, valuation experts; expenses or fees to third parties to collect any amounts owed with respect to a loan and inspection of collateral; fees for the maintenance of the Company's books and accounts, including license fees and costs associated with any software used to maintain the books and records for the Company, including portfolio management, risk management and investor reporting and technology expenses; fees of any separate accountants retained for the Company and fees paid pursuant to the Investment Management Agreement; registration and licensing fees; taxes (including withholding and transfer taxes); insurance premiums, organisational and reorganisational expenses; governmental fees; fees and expenses related to the Company's regulatory compliance; preparation and distribution of Shareholders' reports and other communications with Shareholders and the public, the costs incurred in connection with marketing the Shares (including travel, meals, entertainment, car service, car rental and parking, and lodging expenses incurred in attending conferences and presentations with investors and prospective investors), the cost of preparing and updating the Company's operating and offering documents; other similar expenses related to the Company; fees and expenses in connection with any liquidators of the Company; and extraordinary expenses (i.e. litigation costs or damages and indemnification expenses). In each case such expenses will be reflected in the Net Asset Value.

The Directors estimate that the ongoing charge expense ratio of the Company, including VAT where applicable, will be approximately 1.67 per cent. of gross assets (assuming Net Issue Proceeds of US$122.5 million); or 1.34 per cent. of gross assets (assuming Net Issue Proceeds of US$245 million). These are estimates only and are not, and are not intended to be, profit forecasts. These figures assume that the Net Issue Proceeds are fully invested in accordance with the investment policy and that no performance fee is payable to the Investment Manager.

PART VI

THE ISSUE

The Issue

The Company is targeting raising US$250 million through the Issue. The Issue comprises the Placing and the Offer for Subscription.

The total number of Ordinary Shares issued under the Issue will be determined by the Company, JPMC and the Investment Manager after taking into account demand for the Ordinary Shares. The Directors have reserved the right, in consultation with the Sole Bookrunner, to increase the size of the Issue to up to US$300 million if demand exceeds US$250 million of Gross Issue Proceeds. Any such increase will be announced through an RIS announcement.

The Directors have determined that the Ordinary Shares under the Issue will be issued at a price equal to US$1.00 per Ordinary Share.

The actual number of Ordinary Shares to be issued pursuant to the Issue is not known as at the date of this Prospectus but will be notified by the Company via an RIS announcement and published on the Company's website prior to Admission.

The Issue is conditional on the raising of the Minimum Net Proceeds. In the event that the Company and JPMC decide to lower the amount of the Minimum Net Proceeds, the Company will be required to publish a supplementary prospectus. If Minimum Net Proceeds are not raised, or if the Issue does not proceed, for any other reason, subscription monies received under the Placing and the Offer for Subscription will be returned without interest at the risk of the applicant. The target Issue size should not be taken as an indication of the number of Ordinary Shares to be issued.

The Issue is not being underwritten.

The Issue is designed to be suitable for institutional, professional and knowledgeable investors (including those who are professionally advised) who understand, or have been advised of, the potential risk of investing in companies admitted to the Specialist Fund Segment, who are seeking exposure to maritime debt and other assets. The Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in Ordinary Shares in the Issue.

The Placing

JPMC has agreed to use its reasonable endeavours to procure Placees to subscribe for Ordinary Shares in the Placing on the terms and subject to the conditions set out in the Placing Agreement. Details of the Placing Agreement are set out in paragraph 9(a)(i) of Part VIII of this Prospectus.

The terms and conditions which shall apply to any subscription for Ordinary Shares procured by JPMC pursuant to the Placing are contained in Part IX of this Prospectus.

The Offer for Subscription

Ordinary Shares are available to certain categories of investor under the Offer for Subscription. The Offer for Subscription is only being made in the UK but, subject to applicable law, the Company may allot Ordinary Shares on a private placement basis to Offer for Subscription Applicants in other jurisdictions.

The terms and conditions of application under the Offer for Subscription are set out in Part X of this Prospectus and an Offer for Subscription Application Form is set out at the end of this Prospectus. These terms and conditions should be read carefully before an Offer for Subscription Application is made. Investors should consult their respective stockbroker, bank manager, solicitor, accountant or other financial adviser if they are in any doubt about the contents of this Prospectus.

Offer for Subscription Applications must be for a minimum subscription amount of US$1,000.00 and thereafter in multiples of US$1,000.00.

For Offer for Subscription Applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 3.00 p.m. on 16 October 2018. Please contact Computershare Investor Services PLC by email at OFSPaymentQueries@computershare.co.uk stating "BLUE OFS" and the Receiving Agent will provide applicants with a unique reference number which must be used when sending payment.

Completed Offer for Subscription Application Forms, accompanied by a cheque or banker's draft in US Dollars made payable to "CIS PLC re: Blue Ocean Maritime Income Plc OFS a/c" and crossed "A/C payee" for the appropriate sum must be posted to Computershare Investor Services PLC at Corporate Actions Projects, Bristol, BS99 6AH or delivered by hand (during normal business hours) to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS13 8AE such that cleared funds are received by no later than 3.00 p.m. on 16 October 2018. The Offer for Subscription will, unless extended, be closed at that time.

Cheque applications can be made in pounds sterling with the minimum application amount of $1,000, being equivalent to £765.10 per Ordinary Share as at the date of this Prospectus.[6] Following the close of the Offer for Subscription the pounds sterling subscription amount will be converted to US dollars. The conversion of pounds sterling to US dollars will be based on an exchange rate obtained by the Receiving Agent on the day after the close of the Offer for Subscription. The actual amount of subscription funds available following the conversion will depend on the exchange rate prevailing on the day (after the deduction of any transaction or dealing costs associated with the conversion). Applications in pounds sterling are made at Offer for Subscription Applicants' own risk with respect to the GBP:USD exchange rate and the number of shares that will be subscribed for following the conversion. If Offer for Subscription Applicants wish to receive a certain, fixed number of shares, they should make their Offer for Subscription Applications in US dollars.

Cheques or banker's drafts in pounds sterling should be made payable to "CIS PLC re: Blue Ocean Maritime Income plc OFS GBP a/c" and crossed "A/C/ payee. Cheques should be posted to Computershare Investor Services PLC at Corporate Actions Projects, Bristol, BS99 6AH or delivered by hand (during normal business hours) to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS13 8AE. It is recommended that cheques are sent so as to be received by the Receiving Agent no later than 3 Business Days prior to the close of the Offer for Subscription to ensure that cleared funds are received by no later than 3.00 p.m. on 16 October 2018.

The Receiving Agent cannot take responsibility for identifying payments without a unique reference nor where a payment has been received but without an accompanying Offer for Subscription Application Form.

Offer for Subscription Applicants choosing to settle via CREST, that is "delivery versus payment" (DVP), will need to match their instructions to Computershare's Participant account RA63 by no later than 1.00 p.m. on 22 October 2018, allowing for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share, following the CREST matching criteria set out in the Offer for Subscription Application Form.

Conditions

The Issue is conditional, *inter alia*, on:

(i) the Placing Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms prior to Admission;

(ii) Admission occurring by 8.00 a.m. on 23 October 2018 (or such later date, not being later than 21 December 2018, as the Company and JPMC may agree) in respect of the Issue; and

(iii) the Issue raising at least the Minimum Net Proceeds.

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6 Based on a USD:GBP exchange rate obtained from the Financial Times of $1.00:£0.7651 as at 14 September 2018, being the latest practicable date prior to the publication of this Prospectus.

Pricing

All Ordinary Shares issued pursuant to the Issue will be issued at the Issue Price.

Investment Manager Group Investments

Gregg Hymowitz, Chairman and Chief Executive Officer of EnTrustPermal and member of the Blue Ocean Executive Committee of the Investment Adviser, has indicated to the Company that an entity controlled by him intends to subscribe for, in aggregate, US$4 million of Ordinary Shares in the Issue (the "**GH Investment**"). The GH Investment will therefore be for an amount equal to 3.2 per cent. of the Minimum Gross Proceeds.

In addition, (i) EnTrustPermal Hedge Funds Opportunities Ltd., a fund managed on a discretionary basis by the Investment Manager has indicated to the Company that it intends to subscribe for US$2 million of Ordinary Shares in the Issue (the "**EnTrustPermal Fund Investment**"); and (ii) Omar Kodmani, Senior Executive Officer of the Investment Manager, has indicated to the Company that he or an entity controlled by him intend to subscribe for, in aggregate, US$1 million of Ordinary Shares in the Issue ((the "**OK Investment**"), together with the GH Investment and the EnTrustPermal Fund Investment the "**Investment Manager Group Investments**".

The Investment Manager Group Investments will therefore, in aggregate, constitute an amount equal to 5.6 per cent. of the Minimum Gross Proceeds.

Gregg Hymowitz and Omar Kodmani (or entities under their control which subscribe for Ordinary Shares) will be subject to a lock-up period of 12 months from Admission of the Shares acquired by them pursuant to the Issue, subject to certain limited exceptions.

Restriction on further issues

The Company has undertaken to JPMC that, between the date of the Placing Agreement and the date falling 180 days from Admission, it will not issue any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction having substantially the same effect or agree to do any of the foregoing other than with the prior written consent of JPMC (such consent not to be unreasonably withheld or delayed) provided that the foregoing restrictions shall not restrict the ability of the Company to allot and issue Ordinary Shares pursuant to the Issue.

Subscriber warranties

Each subscriber for Ordinary Shares in the Placing will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgments and agreements set out in paragraphs 4 and 5 of Part IX of this Prospectus.

Each subscriber for Ordinary Shares in the Offer for Subscription will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgements and agreements set out in Part X of this Prospectus.

The Company, the Investment Manager, JPMC, and their respective directors, officers, members, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company.

Scaling back and allocation

The Directors are authorised to issue up to 300 million Ordinary Shares pursuant to the Issue. To the extent that applications under the Issue exceed 250 million Ordinary Shares in aggregate, the Company reserves the right, at its sole discretion, in consultation with JPMC, to (i) increase the maximum number of Ordinary Shares to be issued pursuant to the Issue to up to 300 million Ordinary Shares; or (ii) scale back applications in such amounts as it considers appropriate. The Company reserves the right to decline in whole or in part any application for Ordinary Shares pursuant to the Issue. Accordingly, applicants for

Ordinary Shares may, in certain circumstances, not be allotted the number of Ordinary Shares for which they have applied.

There will be no priority given to applications under the Placing or Offer for Subscription Applications pursuant to the Issue and there is no fixed size of either the Placing or the Offer for Subscription within the Issue.

The Company will notify investors of the number of Ordinary Shares in respect of which their application has been successful and the results of the Issue will be announced by the Company on or around 19 October 2018 via an RIS announcement.

Subscription monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned by post at the risk of the applicant without interest at the risk of the applicant to the bank account from which the money was received if the applicant applied online. Alternatively a cheque will be sent to your address (or, in the case of joint applicants, the address of the first-named applicant) as provided on the relevant application form, as applicable.

Issue arrangements

The Placing Agreement contains provisions entitling JPMC to terminate the Placing and the Offer for Subscription (and the arrangements associated with them) at any time prior to Admission in certain circumstances. If this right is exercised, the Issue and these arrangements will lapse and any monies received in respect of the Issue will be returned to applicants without interest.

The Placing Agreement provides for JPMC to be paid a commission in respect of the Ordinary Shares to be allotted pursuant to the Issue. Any commissions received by JPMC may be retained, and any Ordinary Shares subscribed for by JPMC may be retained, or dealt in, by them for their own benefit.

Further details of the terms of the Placing Agreement are set out in Part IX of this Prospectus.

General

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK, the Company and its agents (and their agents) may require evidence in connection with any application for Ordinary Shares, including further identification of the applicant(s), before any Ordinary Shares are issued.

In the event that there are any significant changes affecting any of the matters described in this Prospectus or where any significant new matters have arisen after the publication of the Prospectus and prior to Admission, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s). In the event that a supplementary prospectus is published prior to Admission, potential investors in the Issue will have a statutory right of withdrawal.

Clearing and settlement

Payment for the Ordinary Shares, in the case of the Placing, should be made in accordance with settlement instructions to be provided to Placees by JPMC. Payment for Ordinary Shares applied for under the Offer for Subscription should be made in accordance with the instructions contained in the Offer for Subscription Application Form set out at the end of this Prospectus. To the extent that any application for Ordinary Shares is rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant.

Ordinary Shares will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST following Admission. In the case of Ordinary Shares to be issued in uncertificated form pursuant to the Issue, these will be transferred to successful applicants through the CREST system. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

CREST

CREST is a paperless settlement procedure operated by Euroclear enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. Upon Admission, the Articles will permit the holding of Ordinary Shares under the CREST system. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission in respect of the Ordinary Shares issued under the Issue and it is expected that the Ordinary Shares will be admitted with effect from that time. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

It is expected that the Company will arrange for Euroclear to be instructed on 17 October to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective Ordinary Shares. The names of subscribers or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

The transfer of Ordinary Shares out of the CREST system following the Issue should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. An investor applying for Ordinary Shares in the Issue may elect to receive Ordinary Shares in uncertificated form if such investor is a system-member (as defined in the Regulations) in relation to CREST. If a Shareholder or transferee requests Ordinary Shares to be issued in certificated form and is holding such Ordinary Shares outside CREST, a share certificate will be despatched either to him or his nominated agent (at his risk) as soon as practicable following the completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Shareholders holding definitive certificates may elect at a later date to hold such Ordinary Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

Admission and dealings

Admission is expected to take place and unconditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 23 October 2018 in respect of the Issue. There will be no conditional dealings in the Ordinary Shares.

The ISIN number of the Ordinary Shares is GB00BFMN4099 and the SEDOL code is BFMN409.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Ordinary Shares, nor does it guarantee the price at which a market will be made in the Ordinary Shares. Accordingly, the dealing price of the Ordinary Shares may not necessarily reflect changes in the Net Asset Value per Ordinary Share.

Where applicable, definitive share certificates in respect of the Ordinary Shares are expected to be despatched, by post at the risk of the recipients, to the relevant holders, not later than the week commencing 29 October 2018 in respect of the Issue. The Ordinary Shares are in registered form and can also be held in uncertificated form. Prior to the despatch of definitive share certificates in respect of any Ordinary Shares which are held in certificated form, transfers of those Ordinary Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

Use of proceeds

The Directors intend to use the Net Issue Proceeds, to fund investments in accordance with the Company's investment policy as well as to fund the Company's operational expenses. Such expenses include (i) acquisition costs and expenses (such as due diligence costs, legal, tax advice and taxes); (ii) the Management Fee; (iii) Directors' fees; and (iv) other operational costs and expenses. Suitable acquisition opportunities may not be immediately available. It is likely, therefore, that for a period following Admission and at certain other times, the Company will have surplus cash.

Assuming that the Minimum Net Proceeds are raised pursuant to the Issue, that such proceeds are fully invested in accordance with the investment policy and that no performance fee is payable to the

Investment Manager, the Directors expect that the annual running costs of the Company will be approximately US$825,915 per annum assuming Gross Issue Proceeds of US$125 million (excluding the Management Fee). The Company will use the Net Issue Proceeds of the Issue to meet its running costs as necessary prior to making any investments.

Purchase and transfer restrictions

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Investment Manager or JPMC.

The Company has elected to impose the restrictions described below on the Issue and on the future trading of the Ordinary Shares so that the Company will not be required to register the offer and sale of the Ordinary Shares under the Securities Act and will not have an obligation to register as an investment company under the Investment Company Act and related rules and also to address certain ERISA, Internal Revenue Code and other considerations.

These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the Ordinary Shares to trade such securities. The Company and its agents will not be obligated to recognise any resale or other transfer of the Ordinary Shares made other than in compliance with the restrictions described below.

The Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and the Ordinary Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons, except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the Ordinary Shares in the United States. Subject to certain exceptions, the Ordinary Shares are being offered and sold (i) outside the United States to non-US Persons in reliance on Regulation S.

Moreover, the Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. No offer, purchase, sale or transfer of the Ordinary Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the Investment Company Act.

PART VII

UK TAXATION

Introduction

The following statements are based upon current UK tax law and current published practice of HMRC as at the date of this Prospectus, both of which are subject to change, possibly with retrospective effect. The statements are intended only as a general guide and are not intended to be comprehensive. The statements may not apply to certain Shareholders, such as dealers in securities, insurance companies, trustees, collective investment schemes or Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment, who may be subject to special rules. They apply only to Shareholders resident for UK tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold Ordinary Shares as an investment rather than trading stock and who are the absolute beneficial owners of those Ordinary Shares. Any statements made in respect of tax rates for individual UK Shareholders assume that the Shareholder is a UK resident individual who is neither a Scottish taxpayer nor a Welsh taxpayer. Different tax rates may apply to UK resident individuals who are Scottish taxpayers or Welsh taxpayers.

There may be other tax consequences of an investment in the Company, and all prospective investors, in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of subscribing for, purchasing, holding or disposing of Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

The Company

UK taxation

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions in section 1158 Corporation Tax Act 2010 and the Investment Trust Regulations 2011 for it to be approved by HMRC as an investment trust. However, neither the Investment Manager nor the Directors can guarantee that this approval will be granted or maintained.

In respect of each accounting period for which the Company continues to be approved by HMRC as an investment trust, the Company will be exempt from UK corporation tax on its chargeable gains. The Company will, however (subject to what follows) be liable to UK corporation tax (currently at 19 per cent.) on its income in the normal way.

In principle, the Company will be liable to UK corporation tax on any dividend income it receives. However, there are exemptions from this charge which are expected to be applicable in respect of many of the dividends the Company will receive.

A company that is an investment trust in respect of an accounting period is able to take advantage of modified UK tax treatment in respect of its "qualifying interest income" for an accounting period (referred to here as the "streaming regime"). Pursuant to the streaming regime the Company may, if it so chooses, designate as an "interest distribution" all or part of any amount it distributes to Shareholders as dividends, to the extent that it has "qualifying interest income" for the accounting period. Were the Company to designate any dividend it pays in this manner, it would be able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period.

It is expected that the Company will have material amounts of qualifying interest income and that it may, therefore, decide to designate some or all of the dividends paid in respect of a given accounting period as interest distributions.

To the extent that the Company receives income from, or realises amounts on the disposal of investments in, foreign countries it may be subject to foreign withholding or other taxation in those jurisdictions. To the extent it relates to income, this foreign tax may be able to be treated as an expense for UK corporation tax

purposes, or it may be treated, to the extent not relievable under a double tax treaty, as a credit against UK corporation tax up to certain limits and subject to certain conditions.

Shareholders – United Kingdom

Taxation of chargeable gains

Individual Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of Ordinary Shares. Individuals generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of their Ordinary Shares. The resulting gains will be taxable at the capital gains tax rate applicable to the individual (currently 10 per cent. for basic rate taxpayers and 20 per cent. for those whose total income and chargeable gains are above the higher rate threshold), and may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions (the annual exemption from capital gains tax for UK resident individuals is £11,700 for 2018/19).

Shareholders within the charge to corporation tax who are resident in the UK are taxed on the capital gains made, computed by deducting from the net sales proceeds the capital gains base cost in respect of their Ordinary Shares. Shareholders within the charge to corporation tax do not qualify for the annual exemption. Indexation allowance has been frozen with effect from 31 December 2017, and will not therefore be available to Shareholders.

Subject to the paragraph below (dealing with temporary non-residents) Shareholders who are not resident in the UK for UK tax purposes will not generally be subject to UK tax on chargeable gains, unless they carry on a trade, profession or vocation in the UK through a branch or agency or (in the case of a company) permanent establishment and the Ordinary Shares disposed of are used, held or acquired for the purposes of that branch, agency or permanent establishment. In addition, the UK government is proposing that from April 2019 capital gains realised by non-residents on the disposal of UK land, or assets deriving at least 75 per cent. of their value from UK land, will be subject to UK tax. Shareholders who are not resident in the UK may be subject to charges to foreign taxation depending on their personal circumstances.

A shareholder who is an individual, who has ceased to have sole UK residence for tax purposes in the UK for a period of less than five years and who disposes of Ordinary Shares during that period may be liable to UK taxation on capital gains (subject to any available exemption or relief). If applicable, the tax charge will arise in the tax year that the individual returns to the UK.

Taxation of dividends – individuals

(A) *Dividends which are not designated as "interest distributions"*

No tax will be deducted from, and no tax credits will be attached to, any dividend distributions paid by the Company.

For individual Shareholders resident in the UK, the first £2,000 of dividends and dividend distributions received or accumulated in each tax year are free of income tax (the "**dividend allowance**").

Where an individual's dividends and dividend distributions from all sources exceed the dividend allowance, the excess will be liable to income tax at the dividend tax rates reflecting the Shareholder's highest rate of tax. These rates are 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers. Dividends received within a Shareholder's dividend allowance count towards total taxable income and affect the rate of tax due on any dividends received exceeding it.

(B) *"Interest distributions"*

Should the Directors elect to apply the streaming regime to any dividends paid by the Company, a UK resident individual Shareholder in receipt of such a dividend would be treated as though they had received a payment of interest. Depending on whether the Shareholder is a basic, higher or additional rate taxpayer, such a Shareholder would be subject to UK income tax at the current rates of 20 per cent., 40 per cent. or 45 per cent. respectively.

No tax will be deducted from any interest distributions paid by the Company. It was previously the case (prior to 6 April 2017) that payments of interest distributions paid by a UK investment trust to its individual shareholders were subject to UK withholding tax, but effective from 6 April 2017 there is no longer any requirement to operate UK withholding tax on such payments.

Taxation of dividends – companies

(A) *Dividends which are not designated as "interest distributions"*

Subject to the discussion of "interest distributions" below, UK resident Shareholders within the charge to corporation tax will be subject to UK corporation tax on receipt of dividends, unless such dividends can be treated as an exempt distribution. This is dependent upon the satisfaction of certain conditions set out in Part 9A of the Corporation Tax Act 2009. There is no guarantee that such conditions will be satisfied and it will be necessary for Shareholders to consider their application in respect of every dividend received.

(B) *"Interest distributions"*

If the Directors were to elect for the streaming regime to apply, and UK resident corporate Shareholders were to receive dividends designated by the Company as interest distributions, such UK resident corporate Shareholders would be subject to corporation tax on any such amounts received.

Dividends paid by the Company to a Shareholder which is a company (whether or not UK resident) should not generally be subject to any deduction at source of UK tax (regardless of whether the dividends are designated as "interest distributions").

It is particularly important that prospective investors who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.

SIPPs and SSASs

The Directors have been advised that the Ordinary Shares should be eligible for inclusion in a UK self-invested pension plan (a "**SIPP**") or a UK small self-administered scheme (a "**SSAS**"), subject to the terms of, and the discretion of the trustees (or, where applicable, the providers) of, the SIPP or the SSAS, as the case may be.

NISAs

Ordinary Shares should qualify as investments which are eligible for inclusion in an Individual Savings Account. The opportunity to invest in Ordinary Shares through an ISA is restricted to certain UK resident individuals aged 18 and over. Investments held in ISAs are free from UK tax on both capital gains and income. Individuals wishing to invest in Ordinary Shares through an ISA should contact their professional advisers regarding their eligibility.

Stamp duty and stamp duty reserve tax

Neither UK stamp duty nor stamp duty reserve tax ("**SDRT**") should arise on the issue of the Ordinary Shares.

Transfers on sale of Ordinary Shares outside of CREST will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer, rounded up to the nearest £5. The purchaser normally pays the stamp duty.

However, where the consideration for the transfer is £1,000 or less (and the instrument of transfer is certified that the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000) no stamp duty will be payable.

An agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any

SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Ordinary Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. Such SDRT will generally be collected through the CREST system. Deposits of Ordinary Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

The above statements are intended as a general guide to the current stamp duty and SDRT position. Certain categories of person, including market makers, brokers and dealers may not be liable to stamp duty or SDRT and others (including persons connected with depositary arrangements and clearance services), may be liable at a higher rate of 1.5 per cent. or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

Financial Transactions Tax

Certain countries within the EU ("FTT jurisdictions") are proposing to introduce a financial transaction tax ("FTT") on certain financial transactions which have a connection with an FTT jurisdiction. A financial transaction may be connected with an FTT jurisdiction where one party is established (or deemed to be established) in an FTT jurisdiction. One of the factors that may be taken into account is where the transaction is of a financial instrument used in an FTT jurisdiction. Many of the details relating to the FTT are still being discussed. If the FTT is implemented, it may have an impact on the economic returns to the Company.

The Base Erosion and Profit Shifting Project (the "BEPS Project")

The Organisation for Economic Co-operation and Development ("**OECD**") is currently undertaking a project, known as the BEPS Project, with the aim that jurisdictions should change their domestic tax laws and introduce additional or amended provisions in double taxation treaties. A number of jurisdictions, including the UK, have already implemented certain BEPS Project measures (for example, the UK has introduced anti-hybrid legislation and rules restricting the extent to which companies within the charge to UK corporation tax may obtain relief for interest expenses). In addition the UK has ratified the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ("**MLI**"), which is intended to facilitate the speedy introduction by participating states of double tax treaty-related BEPS Project recommendations.

Several of the areas of tax law on which the BEPS Project is focusing are potentially relevant to the ability of the Company to efficiently realise and/or repatriate income and capital gains from the jurisdictions in which they arise. Depending on the extent to and manner in which relevant jurisdictions implement changes in those areas of tax law, the ability of the Company to do those things may be adversely impacted. The implementation of the BEPS Project is likely to be a time of significant tax legislative changes for the OECD jurisdictions in which the Company may invest. These changes potentially include, for example, restrictions on interest and other deductions for tax purposes and/or restrictions on an entity's ability to rely on a double tax treaty (in particular, one of the features of the MLI is the introduction of a "principle purpose test" into certain double tax treaties, which may limit the ability of the Company and/or any SPVs to claim treaty relief). It is not clear precisely what impact there may be to the Company as a result of such changes. Depending on how the BEPS Project is implemented, any changes to tax laws, or double tax treaties based on recommendations made by the OECD in relation to the BEPS Project, may also result in additional reporting and disclosure obligations for Shareholders.

FATCA and other tax information reporting regimes

On 18 March 2010, the US created an exchange of information, reporting and tax withholding regime under the 'Foreign Account Tax Compliance Act' regime, as modified by US Treasury regulations and subject to any future IRS or US Treasury regulations or official interpretations thereof, any applicable intergovernmental agreement between the United States and a non-U.S. government to implement these rules and improve international tax compliance, or any fiscal or regulatory legislation or rules adopted pursuant to any such agreement (collectively, "**FATCA**"). The aim is to combat tax evasion by preventing US persons using foreign entities to hide assets and income from the Internal Revenue Service (the "**IRS**").

Generally, FATCA requires foreign financial institutions ("**FFIs**") to either comply with an expansive reporting regime on the identity of their direct and indirect account owners or be subject to a 30 per cent. withholding tax on certain US source payments and, beginning on 1 January 2019, on the gross proceeds from the sale or other disposal of property which could produce US source dividends or interest payments.

An FFI can comply with FATCA by reporting information about financial accounts and ownership interests held by US taxpayers (or certain entities that are controlled by US taxpayers) to the IRS or to its applicable intergovernmental agreement ("**IGA**") jurisdiction.

The UK has agreed an IGA with the US, and has subsequently enacted implementing legislation (The International Tax Compliance Regulations 2015 (as amended) (the "**FATCA Regulations**")). Pursuant to the FATCA Regulations, UK FFIs are required to register with the IRS in order to obtain a 'Global Intermediary Identification Number' ("**GIIN**"), and undertake due diligence and report certain information to HMRC about their US account holders. By entering into the IGA, the UK has removed the risk of FATCA withholding on payments made to UK funds that comply with the UK Regulations. The Company will be an FFI and will register for a GIIN.

The Company's Ordinary Shares, in accordance with current HMRC published practice, comply with the conditions set out in the IGA to be "regularly traded on an established securities market" meaning that the Company does not have to report specific information on its Shareholders and their investments to HMRC.

However, there can be no assurance that the Company will continue to be a FFI, that its Ordinary Shares will continue to be considered to be "regularly traded on an established securities market" or that it would not in the future be subject to withholding tax under FATCA or the IGA. If the Company becomes subject to a withholding tax as a result of FATCA or the IGA, the return on investment of some or all Shareholders may be materially adversely affected.

Since the enactment of FATCA, other jurisdictions have signalled their intention to enter into similar information exchange agreements. The Organisation for Economic Co-operation and Development has developed a global Common Reporting Standard (the "**CRS**") for multilateral exchange of information. The UK has implemented the CRS and so the Company will have to provide information about its Shareholders to HMRC under these rules. In December 2014, the EU formally adopted Council Directive 2014/107/EU to assist member states in combating tax evasion and fraud by extending the scope for the automatic exchange of information ("**DAC**"). Broadly speaking, DAC implements the CRS within the EU. For FATCA and the CRS, the 2018 reporting period will end on 31 December 2018, with reporting to HMRC by financial institutions for that period to take place by 31 May 2019.

As a result of FATCA (and the other FATCA-style agreements noted above), Shareholders may be required to provide certain information to the Company so that the Company can comply with its reporting obligations. In particular, Shareholders may be required to provide – and the Company may be obliged to disclose – details and information about Shareholders (and persons connected or associated with them) as may be required to enable the Company or any of its associates to comply with their obligations to any tax, regulatory or comparable authorities (including pursuant to FATCA or CRS) or where the Company believes such that such disclosure is in the interests of the Company. Any failure to do so may result in such Shareholder being subject to adverse consequences.

Although the Company intends to comply with the rules imposed by FATCA and other FATCA-style agreements, the Company cannot guarantee that it will be able to satisfy its obligations under FATCA (and other information exchange regimes) and Shareholders are encouraged to consult their own tax advisors regarding the possible application of FATCA (and other information exchange regimes) to their investment in the Company.

PART VIII

ADDITIONAL INFORMATION

1. The Company

(a) The Company was incorporated and registered in England and Wales on 10 August 2018 with registered number 11512114 as a public company limited by shares with the name Blue Ocean Maritime Income plc. The Company is not authorised or regulated as a collective investment scheme by the FCA. However, from Admission, it will be subject to the Listing Rules (to the extent that the Company has undertaken to voluntarily comply with such rules), the Prospectus Rules and the Disclosure Guidance and Transparency Rules. The principal legislation under which the Company operates and under which the Ordinary Shares will be issued is the Companies Act. The Company operates in accordance with the Articles as summarised in paragraph 3 of this Part VIII. The Company does not have any subsidiaries.

(b) On 22 August 2018, the Company was granted a certificate under section 761 of the Companies Act entitling it to commence business and exercise its borrowing powers.

(c) The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to section 833 of the Companies Act.

(d) The registered office of the Company is at Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW and the telephone number of the Company is +44 (0)1245 398 950.

(e) The Registrars of the Company are Computershare Investor Services PLC. They will be responsible for maintaining the register of members of the Company.

2. Share and loan capital of the Company

(a) On incorporation, the issued share capital of the Company was one Ordinary Share of a nominal value of US$0.01 and 50,000 Management Shares with a nominal value of £1.00 each which were subscribed for by the Investment Manager.

(b) Set out below is the issued share capital of the Company as at the date of this Prospectus:

	Aggregate Nominal value	*Number*
Ordinary Shares	US$0.01	1
Management Shares	£50,000	50,000

The issued subscriber Ordinary Share and the Management Shares are fully paid up.

(c) Set out below is the issued share capital of the Company as it will be following the Issue (assuming that 125 million Ordinary Shares are allotted):

	Aggregate Nominal value	*Number*
Ordinary Shares	US$1,250,000.01	125,000,001
Management Shares	£50,000	50,000

All Ordinary Shares will be fully paid. The Management Shares are fully paid up and will be redeemed following Admission out of the Gross Issue Proceeds.

(d) The effect of the Issue will be to increase the net assets of the Company. On the assumption that the Issue is subscribed as to 125 million Ordinary Shares, the fundraising is expected to increase the net assets of the Company by a minimum of US$122.5 million. The Issue is expected to be earnings enhancing.

(e) By ordinary and special resolutions passed at the general meeting of the Company on 4 September 2018 it was resolved:

(i) that the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of US$3,000,000.00 in connection with the Issue, such authority to expire at the first annual general meeting of the Company save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Ordinary Shares in pursuance of such an offer or agreement as if such authority had not expired;

(ii) that the Directors were empowered (pursuant to section 570 of the Companies Act) to allot Ordinary Shares for cash pursuant to the authority referred to in paragraph 2(e)(i) above as if section 561 of the Companies Act did not apply to any such allotment, such power to expire at the conclusion of the first annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the Ordinary Shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;

(iii) that the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot Ordinary Shares, up to an aggregate nominal amount of US$300,000.00 or, if less, 10 per cent. of the aggregate nominal value of the issued share capital of the Company immediately following the completion of the Issue, such authority to expire at the conclusion of the first annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Ordinary Shares in pursuance of such an offer or agreement as if such authority had not expired;

(iv) that the Directors were empowered (pursuant to sections 570 and 573 of the Companies Act) to allot Ordinary Shares and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in paragraph 2(e)(iii) above as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to expire at the conclusion of the first annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or agreement as if such power had not expired. Notwithstanding this authority, no Ordinary Shares will be issued under this authority (whether on a pre-emptive basis to existing Shareholders or otherwise) at a gross price which is less than the Net Asset Value per Ordinary Share at the time of their issue;

(v) that the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot 300 million C Shares from the conclusion of the first annual general meeting of the Company, such authority to expire at the conclusion of the fourth annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of C Shares in pursuance of such an offer or agreement as if such authority had not expired;

(vi) that the Directors were empowered (pursuant to section 570 of the Companies Act) to allot C Shares for cash pursuant to the authority referred to in paragraph 2(e)(v) above as if section 561 of the Companies Act did not apply to any such allotment, such power to expire at the conclusion of the fourth annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such power, and the Directors may allot equity securities in pursuance of such an offer or an agreement as if such power had not expired;

(vii) to authorise the Company generally and unconditionally for the purpose of section 701 of the Companies Act to make market purchases (as defined in section 693 of the Companies Act) of

Ordinary Shares on such terms and in such manner as the Directors may from time to time determine, provided that:

(aa) the maximum number of Ordinary Shares authorised to be purchased under the authority is 44,970,000 Ordinary Shares (or such lesser number, if applicable, as is equal to 14.99 per cent. of the allotted and fully paid up share capital of the Company immediately following Admission);

(bb) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is US$0.01 per share, being the nominal amount thereof;

(cc) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares is an amount equal to the higher of (i) five per cent. above the average of the middle market quotations for such shares taken from The London Stock Exchange Daily Official List for the five Business Days immediately preceding the day on which the purchase is made and (ii) the price stipulated by Article 5(1) of the Buyback and Stabilisation Regulations as defined in the Listing Rules;

(dd) the authority will (unless previously renewed or revoked) expire on the earlier of the end of the next Annual General Meeting of the Company and the date which is 18 months after the date on which the resolution was passed;

(ee) the Company may make a contract to purchase its own Ordinary Shares under the authority conferred by the resolution prior to the expiry of the authority, and such contract will or may be executed wholly or partly after the expiry of the authority, and the Company may make a purchase of its own Ordinary Shares in pursuance of any such contract; and

(ff) Ordinary Shares purchased pursuant to the authority conferred by this resolution shall be either: (i) cancelled immediately upon completion of the purchase; or (ii) be held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Companies Act; and

(viii) that, conditionally upon Admission, the capital of the Company be reduced by the reduction of its share premium account by an amount equal to US$0.99 multiplied by the number of Ordinary Shares in issue immediately following Admission in order to create distributable reserves.

(f) The Directors have absolute authority to allot the Ordinary Shares pursuant to the Issue under the Articles and are expected to resolve to do so shortly prior to Admission.

(g) The provisions of section 561(1) of the Companies Act (to the extent not disapplied pursuant to sections 570-571 of the Companies Act) confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 of the Companies Act) which are, or are to be, paid up in cash and, upon Admission, will apply to any shares to be allotted by the Directors, except to the extent disapplied by the resolutions referred to in paragraph 2 above.

(h) No share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

(i) The entire class of the Ordinary Shares will be traded on the Specialist Fund Segment. The Ordinary Shares are not listed or traded on, and no application has been or is being made for the admission of the Ordinary Shares to listing or trading on, any other stock exchange or securities market.

(j) The Ordinary Shares are in registered form and, from Admission, will be capable of being held in uncertificated form and title to such Ordinary Shares may be transferred by means of a relevant system (as defined in the Regulations). Where the Ordinary Shares are held in certificated form, share certificates will be sent to the registered members or their nominated agent (at their own risk) within 10 Business Days of the completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Where Ordinary Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Registrar, whose registered address is set out on page 52 of this Prospectus, maintains a register of Shareholders holding their Ordinary Shares in CREST.

(k) Ordinary Shares are being issued pursuant to the Issue at a price of US$1.00 per Ordinary Share which represents a premium of US$0.99 over their nominal value of US$0.01 each. No expenses are being charged to any subscriber or purchaser.

(l) Both the Companies Act and the Listing Rules with which the Company voluntarily complies allow for disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years. As set out in 2(e)(ii), (iv) and (vi) above, the Company has disapplied these pre-emption rights in respect of a defined number of Ordinary Shares and a defined number of C Shares until the fourth annual general meeting of the Company.

(m) Each new Ordinary Share will rank in full for all dividends and distributions declared made or paid after their issue and otherwise *pari passu* in all respects with each existing share of the same class and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each existing Ordinary Share, as set out in the Articles. The Ordinary Shares will be denominated in US dollars.

(n) The cancellation of the Company's share premium account will enable the Directors to make share repurchases out of the Company's distributable reserves to the extent considered desirable by the Directors. The Company may, where the Directors consider it appropriate, use the reserve created by the cancellation of its share premium account to pay dividends.

3. Articles of Association

The Articles contain provisions, *inter alia*, as set out in this paragraph 3.

(a) ***Ordinary Share rights***

Voting

Subject to any special terms as to voting upon which any shares may be issued, or may for the time being be held and any restriction on voting referred to below, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and every proxy (regardless of the number of members for whom he is proxy) shall have one vote on a show of hands. On a poll, every shareholder present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder.

Dividends

Ordinary Shareholders shall be entitled to receive in that capacity such dividends as the Directors may resolve in accordance with the Articles to pay out of assets attributable to the Ordinary Shares and profits available for distribution which are attributable to the Ordinary Shares.

The Ordinary Shares into which any tranche of C Shares shall convert shall rank *pari passu* with the Existing Ordinary Shares for dividends and other distributions made or declared by reference to a record date falling after the relevant Calculation Date.

Returns of capital

Ordinary Shareholders shall be entitled to receive in that capacity such returns of capital on a distribution or winding-up as the Directors may resolve in accordance with the provisions set out in paragraph 3(g) below.

Redemption

The Ordinary Shares are not redeemable.

Additional class rights

Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the Existing Ordinary Shares (as defined in

paragraph 3(h) below), as a class that without the sanction or consent of such holders given in accordance with the Articles:

(i) no alteration shall be made to the Articles;

(ii) no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and

(iii) no resolution of the Company shall be passed to wind up the Company.

For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Existing Ordinary Shares, as described above, shall not be required in respect of:

(i) the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Existing Ordinary Shares by the issue of such further Ordinary Shares); or

(ii) the sale of any shares held as treasury shares (as such term is defined in section 724 of the Companies Act) in accordance with sections 727 and 731 of the Companies Act or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).

(b) ***C Share rights***

Voting

The C Shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as that applying to holders of Existing Ordinary Shares as set out in the Articles as if the C Shares and Existing Ordinary Shares were a single class.

Dividends

C Shareholders shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of net assets attributable to the C Shares and from income received and accrued which is attributable to the C Shares.

Returns of capital

C Shareholders shall be entitled to receive in that capacity such returns of capital on a distribution or winding-up up as the Directors may resolve in accordance with the provisions set out in paragraph 3(g) below.

Redemption

The C Shares are not redeemable.

Additional class rights

Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the Articles:

(i) no alteration shall be made to the Articles;

(ii) no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and

(iii) no resolution of the Company shall be passed to wind up the Company.

For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of C Shares, as described above, shall not be required in respect of:

(i) the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Existing Ordinary Shares by the issue of such further Ordinary Shares); or

(ii) the sale of any shares held as treasury shares (as such term is defined in section 724 of the Companies Act) in accordance with sections 727 and 731 of the Companies Act or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).

(c) ***Deferred Share rights***

Voting

The Deferred Shares shall not carry any right to receive notice of nor to attend or vote at any general meeting of the Company.

Dividends

The Deferred Shares (to the extent that any are in issue and extant) shall entitle the holders thereof to a non-cumulative dividend at a fixed rate of one per cent. of the nominal amount thereof (the "**Deferred Dividend**") on the date six months after the Conversion Date on which such Deferred Shares were created in accordance with paragraph 3(h) below (the "**Relevant Conversion Date**") and on each anniversary of such date payable to the holders thereof on the register of members on that date as holders of Deferred Shares but shall confer no other right, save as provided herein, on the holders thereof to share in the profits of the Company. The Deferred Dividend shall not accrue or become payable in any way until the date six months after the Conversion Date and shall then only be payable to those holders of Deferred Shares registered in the register of members of the Company as holders of Deferred Shares on that date. It should be noted that given the proposed repurchase of the Deferred Shares as described below, it is not expected that any dividends will accrue or be paid on such shares.

Returns of capital

Deferred Shareholders shall be entitled to receive in that capacity such returns of capital on a distribution or winding-up up as the Directors may resolve in accordance with the provisions set out in paragraph 3(g) below.

Redemption

The Deferred Shares are not redeemable.

(d) ***Management Share rights***

Voting

For so long as there are shares of any other class in issue, the holders of the Management Shares will not have any right to receive notice of or vote at any general meeting of the Company. If there are no shares of any other class in issue, the holders of the Management Shares will have the right to receive notice of, and to vote at, general meetings of the Company. In such circumstances, each holder of a Management Share who is present in person (or, being a corporation, by representative) or by proxy at a general meeting will have on a show of hands one vote and on a poll every such holder who is present in person or by proxy (or being a corporation, by representative) will have one vote in respect of each Management Share held by him.

Dividends

The Management Shares shall entitle the holders thereof to receive a fixed annual dividend equal to 0.01 per cent. on the nominal amount of each of the Management Shares, payable on demand. Such dividend will be payable in priority to the payment of a dividend to the holders of any other class of

share of the Company but, for so long as there are Shares of any other Class in issue, the Management Shares do not confer any further right to participate in the Company's profits.

Returns of capital

Management Shareholders shall be entitled to receive in that capacity such returns of capital on a distribution or winding-up up as the Directors may resolve in accordance with the provisions set out in paragraph 3(g) below.

Redemption

The Management Shares can be redeemed at any time (subject to the provisions of the Companies Act) by the Company.

(e) ***General meetings***

The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The Directors can call a general meeting at any time.

At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, not less than 14 days' written notice must be given, subject to compliance with the relevant provisions of the Companies Act, including a special resolution of shareholders being passed in relation to such a notice period in accordance with s307A of the Companies Act. The notice for any general meeting must state: (i) whether the meeting is an annual general meeting; (ii) the date, time and place of the meeting; (iii) the general nature of the business of the meeting and (iv) any intention to propose a resolution as a special resolution. All members who are entitled to receive notice under the Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy, unless, at the time of the meeting there is only one member of the Company, in which case the quorum will be one member present in person or by proxy.

Each Director can attend and speak at any general meeting.

The duly authorised representative of a corporate shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual shareholder.

A shareholder is not entitled to vote unless all calls due from him have been paid.

A shareholder is also not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the Companies Act and, having failed to comply with such notice within the period specified in such notice (being not less than 28 days from the date of service of such notice), is served with a disenfranchisement notice. Such disentitlement will apply only for so long as the notice from the Company has not been complied with or until the Company has withdrawn the disenfranchisement notice, whichever is the earlier.

(f) ***Dividends***

Subject to the Companies Act, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board. Subject to the Companies Act, the Board may from time to time pay to the shareholders of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company, on such dates and in respect of such periods as it thinks fit.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid up (other than in advance of calls) on the shares during any

portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of shares the right to elect to receive additional shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

The Board may withhold dividends payable on shares representing not less than 0.25 per cent. by number of the issued shares of any class (calculated exclusive of treasury shares) after there has been a failure to comply with any notice under section 793 of the Companies Act requiring the disclosure of information relating to interests in the shares concerned as referred to in paragraph 3(a) above.

No dividend or other distribution shall be made or paid by the Company on any of its shares (other than any Deferred Shares for the time being in issue) between any Calculation Date and the associated Conversion Date (both dates inclusive) and no such dividend shall be declared with a record date falling between any Calculation Date and the associated Conversion Date (both dates inclusive).

(g) ***Returns of capital***

On a voluntary winding-up of the Company the liquidator may, with the sanction of a special resolution of the Company and subject to the Companies Act and the Insolvency Act 1986 (as amended), divide amongst the shareholders of the Company in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.

If any tranche of C shares are in issue at the time of a proposed a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares), the capital or assets to be distributed will be applied as follows:

(i) firstly, an amount equivalent to (C-D) for each tranche of C Shares in issue using the methods of calculation of C and D given in the definition of Conversion Ratio, which amount shall be applied amongst the holders of C Shares of the relevant tranche *pro rata* according to the nominal capital paid up on their holdings of C Shares of the relevant tranche;

(ii) secondly, if there are any Management Shares in issue, there will be paid to the holders of the Management Shares in respect of each such Management Share the amount paid up or treated as paid up thereon;

(iii) thirdly, if there are any Deferred Shares in issue, in paying to the holders of the Deferred Shares US$0.01 in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders; and

(iv) fourthly, amongst the holders of the Existing Ordinary Shares *pro rata* according to the nominal capital paid up on their holdings of Existing Ordinary Shares.

The Calculation Date shall be such date as the liquidator may determine.

If no tranche of C Shares is in issue at the time of a proposed a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its Shares), the capital or assets to be distributed will be applied as follows:

(i) firstly, if there are Deferred Shares in issue, in paying to the holders of the Deferred Shares one US$0.01 in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders;

(ii) secondly, if there are Management Shares in issue, there will be paid to the holders of the Management Shares in respect of each such Management Share the amount paid up or treated as paid up thereon; and

(iii) thirdly, the surplus shall be divided amongst the holders of the Ordinary Shares *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares.

(h) ***C Shares and the Conversion process***

The C Shares shall be issued on such terms that the Deferred Shares arising upon Conversion (but not the Ordinary Shares arising on Conversion) may be repurchased by the Company in accordance with the terms set out herein; (b) immediately upon Conversion, the Company shall repurchase all of the Deferred Shares which arise as a result of Conversion for an aggregate consideration of US$0.01 for every 1,000,000 Deferred Shares and the notice referred to in paragraph (g)(b) below shall be deemed to constitute notice to each C Shareholder (and any person or persons having rights to acquire or acquiring C Shares on or after the Calculation Date) that the Deferred Shares shall be repurchased immediately upon Conversion for an aggregate consideration of US$0.01 for each holding of 1,000,000 Deferred Shares. On repurchase, each Deferred Share shall be treated as cancelled in accordance with section 706 of the Companies Act without further resolution or consent; and (c) the Company shall not be obliged to: (i) issue share certificates to the deferred shareholders in respect of the Deferred Shares; or (ii) account to any deferred shareholder for the repurchase moneys in respect of such Deferred Shares.

For so long as any C Shares are for the time being in issue, until Conversion of such C Shares and without prejudice to its obligations under applicable laws the Company shall: (a) procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to the C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares; (b) allocate to the assets attributable to the C Shares such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the Net Issue Proceeds and the Calculation Date relating to such C Shares (both dates inclusive) as the Directors fairly consider to be attributable to the C Shares; and (c) give appropriate instructions to the Investment Manager to manage the Company's assets so that such undertakings can be complied with by the Company.

The C Shares for the time being in issue shall be sub-divided and converted into Ordinary Shares and Deferred Shares on the Conversion Date in accordance with the following provisions of this paragraph (h):

(i) the Directors shall procure that within 10 Business Days of the Calculation Date: (1) the Conversion Ratio as at the Calculation Date and the numbers of Ordinary Shares and Deferred Shares to which each C Shareholder shall be entitled on Conversion shall be calculated; and (2) the auditors shall be requested to confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are convertible into the Company's shares, subject to the proviso immediately after the definition of H below;

(ii) the Directors shall procure that, as soon as practicable following such confirmation and in any event within 10 Business Days of the Calculation Date, a notice is sent to each C shareholder advising such shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares and Deferred Shares to which such C Shareholder will be entitled on Conversion;

(iii) on conversion each C Share shall automatically subdivide into 10 conversion shares of US$0.01 each and such conversion shares of US$0.01 each shall automatically convert into such number of Ordinary Shares and Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed:

  (A) the aggregate number of Ordinary Shares into which the same number of conversion shares of US$0.01 each are converted equals the number of C Shares in issue on the Calculation Date multiplied by the Conversion Ratio (rounded down to the nearest whole Ordinary Share);

  (B) each conversion share of US$0.01 which does not so convert into an Ordinary Share shall convert into one Deferred Share;

(iv) the Ordinary Shares and Deferred Shares arising upon Conversion shall be divided amongst the former C shareholders *pro rata* according to their respective former holdings of C Shares

(provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares and Deferred Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company);

(v) forthwith upon Conversion, the share certificates relating to the C Shares shall be cancelled and the Company shall issue to each former C shareholder new certificates in respect of the Ordinary Shares which have arisen upon Conversion to which he or she is entitled. Share certificates in respect of the Deferred Shares will not be issued; and

(vi) the Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders.

The following definitions are only relevant for the purpose of the foregoing:

"**Calculation Date**" means the earliest of the:

(i) close of business on the date to be determined by the Directors after the day on which the Investment Manager shall have given notice to the Directors that at least 90 per cent. of the Net Issue Proceeds (or such other percentage as the Directors and Investment Manager shall agree) shall have been invested; or

(ii) close of business on the date falling nine calendar months after the allotment of the C Shares or if such a date is not a Business Day the next following Business Day; or

(iii) close of business on the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent;

"**Conversion**" means conversion of the C Shares into Ordinary Shares and Deferred Shares in accordance with paragraph (g) above;

"**Conversion Date**" means the close of business on such Business Day as may be selected by the Directors falling not more than 10 Business Days after the Calculation Date;

"**Conversion Ratio**" means the ratio of the Net Asset Value per C Share to the Net Asset Value per Ordinary Share, which is calculated as:

$$\text{Conversion Ratio} = \frac{A}{B}$$

and where:

$$A = \frac{C - D}{E}$$

$$B = \frac{F - C - G + D}{H}$$

C is the aggregate value of: (a) the value of the investments of the Company attributable to the C Shares; and (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company attributable to the C Shares (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature);

D is the amount (to the extent not otherwise deducted from the assets attributable to the C Shares) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the C Shares on the Calculation Date;

E is the number of the C Shares in issue on the Calculation Date;

F is the aggregate value of: (a) value of all the investments of the Company; and (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature);

G is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company on the Calculation Date; and

H is the number of Ordinary Shares in issue on the Calculation Date (excluding any Ordinary Shares held in treasury),

provided always that the Directors shall make such adjustments to the value or amount of A and B as the auditors shall report to be appropriate having regard among other things, to the assets of the Company immediately prior to the date on which the Company first receives the Net Issue Proceeds relating to the C Shares and/or to the reasons for the issue of the C Shares.

"**Deferred Shares**" means deferred shares of US$0.01 each in the capital of the Company arising on Conversion;

"**Existing Ordinary Shares**" means the Ordinary Shares in issue immediately prior to Conversion or upon liquidation if there are C Shares in issue;

"**Force Majeure Circumstances**" means (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest

"**Net Issue Proceeds**" means the net cash proceeds of the issue of the C Shares (after deduction of those commissions and expenses relating thereto and payable by the Company);

References to ordinary shareholders, C shareholders and deferred shareholders should be construed as references to holders for the time being of Ordinary Shares, C Shares and Deferred Shares respectively.

References to the auditors confirming any matter should be construed to mean confirmation of their opinion as to such matter whether qualified or not.

(i) ***Transfer of shares***

The Ordinary Shares are in registered form and, subject to the restrictions summarised below, are freely transferable.

The Articles provide for shares to be held in CREST accounts, or through another system for holding shares in uncertificated form, such shares being referred to as "Participating Securities". Subject to such of the restrictions in the Articles as shall be applicable, any member may transfer all or any of his shares. In the case of shares represented by a certificate ("Certificated Shares") the transfer shall be made by an instrument of transfer in the usual form or in any other form which the Board may approve. A transfer of a Participating Security need not be in writing, but shall comply with such rules as the Board may make in relation to the transfer of such shares, a CREST transfer being acceptable under the current rules.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members.

The Board may, in its absolute discretion and without assigning any reason therefor, refuse to register any instrument of transfer of shares, all or any of which are not fully paid.

The Board may also refuse to register a transfer unless:

(A) in the case of a Certificated Share, the duly stamped instrument of transfer (if required) is lodged at the registered office of the Company or at some other place as the Board may appoint accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;

(B) in the case of a Certificated Share, the instrument of transfer is in respect of only one class of share; and

(C) in the case of a transfer to joint holders of a Certificated Share, the transfer is in favour of not more than four such transferees.

In the case of Participating Securities, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.

The Board may also decline to register a transfer of shares if they represent not less than 0.25 per cent. by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to in paragraph (i) below) unless the shareholder has not, and proves that no other person has, failed to supply the required information. Such refusal may continue until the failure has been remedied, but the Board shall not decline to register:

(A) transfer in connection with a *bona fide* sale of the beneficial interest in any shares to any person who is unconnected with the shareholder and with any other person appearing to be interested in the share;

(B) a transfer pursuant to the acceptance of an offer made to all the Company's shareholders or all the shareholders of a particular class to acquire all or a proportion of the shares or the shares of a particular class; or

(C) a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the United Kingdom on which the Company's shares are normally traded.

If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as "plan assets" of any benefit plan investor under Section 3(42) of ERISA or the US Code; (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to be registered or qualified under the US Investment Company Act and/or the US Investment Advisers Act of 1940 and/or the Securities Act and/or the Exchange Act and/or any similar legislation (in any jurisdiction) that regulates the offering and sale of securities; (iii) may cause the Company not to be considered a "**Foreign Private Issuer**" under the Exchange Act; (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the US Code; or (v) may cause the Company to become subject to any withholding tax or reporting obligation under FATCA or any similar legislation in any territory or jurisdiction, or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligation), then the Board may declare the Shareholder in question a "**Non-Qualified Holder**" and the Board may require that any shares held by such Shareholder ("**Prohibited Shares**") shall (unless the Shareholder concerned satisfies the Board that he is not a Non-Qualified Holder) be transferred to another person who is not a Non-Qualified Holder, failing which the Company may itself dispose of such Prohibited Shares at the best price reasonably obtainable and pay the net issue proceeds to the former holder.

(j) ***Variation of rights***

Subject to the Companies Act, all or any of the rights attached to any class of share may (unless otherwise provided by the terms of issue of shares of that class) be varied (whether or not the Company is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution

passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as mentioned above, such rights shall not be varied.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

(k) ***Share capital and changes in capital***

Subject to and in accordance with the provisions of the Companies Act, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued on terms that they are, at the option of the Company or a member liable, to be redeemed on such terms and in such manner as may be determined by the Board (such terms to be determined before the shares are allotted).

Subject to the provisions of the Articles and the Companies Act, the power of the Company to offer, allot and issue any new shares in the Company and any shares lawfully held by the Company or on its behalf (such as shares held in treasury) shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board shall determine.

The Company may by ordinary resolution alter its share capital in accordance with the Companies Act. The resolution may determine that, as between the holders of shares resulting from the sub-division, any of the shares may have any preference or advantage or be subject to any restriction as compared with the others.

(l) ***Disclosure of interests in shares***

Section 793 of the Companies Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a shareholder receives a statutory notice of this nature, he or she has 28 days (or 14 days where the shares represent at least 0.25 per cent. of their class) to comply with it, failing which the Company may decide to restrict the rights relating to the relevant shares and send out a further notice to the holder (known as a "disenfranchisement notice"). The disenfranchisement notice will state that the identified shares no longer give the shareholder any right to attend or vote at a shareholders' meeting or to exercise any other right in relation to shareholders' meetings.

Once the disenfranchisement notice has been given, if the Directors are satisfied that all the information required by any statutory notice has been supplied, the Company shall, within not more than seven days, withdraw the disenfranchisement notice.

The Articles do not restrict in any way the provisions of section 793 of the Companies Act.

(m) ***Non-UK shareholders***

Shareholders with addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices shall be served.

(n) ***Untraced shareholders***

Subject to various notice requirements, the Company may sell any of a shareholder's shares in the Company if, during a period of 12 years, at least three dividends on such shares have become payable and no dividend has been claimed during that period in respect of such shares and the Company has received no communication from such shareholder.

(o) ***Borrowing powers***

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party provided that the Board shall restrict the borrowings of the Company, and exercise all powers of control exercisable by the Company in relation to its subsidiaries, so as to secure (in relation to its subsidiaries so far as the Board is able) that the aggregate amount for the time being of all borrowings by the Company shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to 1000 times the adjusted capital and reserves of the Company.

These borrowing powers may be varied by an alteration to the Articles which would require a special resolution of the shareholders.

(p) ***Directors***

Subject to the Companies Act, and provided he has made the necessary disclosures, a Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested or a proposed transaction or arrangement with the Company.

The Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under section 175 of the Companies Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Any such authorisation will only be effective if the matter is proposed in writing for consideration in accordance with the Board's normal procedures, any requirement about the quorum of the meeting is met without including the Director in question and any other interested director and the matter was agreed to without such directors voting (or would have been agreed to if the votes of such directors had not been counted). The Board may impose terms or conditions in respect of its authorisation.

Save as mentioned below, a Director shall not vote in respect of any matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

(i) the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiaries;

(ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he himself has assumed any responsibility in whole or in part alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning his being a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries;

(iv) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he is not the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);

(v) any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not accord to any Director any privilege or advantage not generally accorded to the employees to which such arrangement relates; and

(vi) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of any of the Directors or for persons who include Directors, provided that for that purpose "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which the Company is empowered to purchase and/or maintain for, or for the benefit of any groups of persons consisting of or including, Directors.

The Directors shall be paid such remuneration by way of fees for their services as may be determined by the Board, save that, unless otherwise approved by ordinary resolution of the Company in general meeting, the aggregate amount of such fees of all Directors shall not exceed £250,000 per annum. The Directors shall also be entitled to be repaid by the Company all hotel expenses and other expenses of travelling to and from board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of the Company. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

The Company may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or any of its subsidiaries or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

The Directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Companies Act. Subject to sections 205(2) to (4) of the Companies Act, the Company may provide a Director with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in relation to the Company. The Company may also provide a Director with funds to meet expenditure incurred in connection with proceedings brought by a regulatory authority and indemnify a Director in connection with the Company's activities as a trustee of a pension scheme.

The Directors are obliged to retire by rotation and are eligible for re-election at the third annual general meeting after the annual general meeting at which they were elected. Any non-executive Director who has held office for nine years or more or who is not independent from the Investment Manager is subject to re-election annually. Any Director appointed by the Board holds office only until the next annual general meeting, when he is eligible for re-election.

Directors may be removed from office in certain circumstances, including by ordinary resolution of the Company or by written notice from all of the other Directors.

There is no age limit for Directors.

Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than 2 nor more than 10 in number.

(q) ***Electronic communication***

The Company may communicate electronically with its members in accordance with the provisions of the Electronic Communications Act 2000.

The above is a summary only of certain provisions of the Articles, the full provisions of which are available for inspection as described in paragraph 15 below.

(r) ***Life***

The Company has no fixed life but, pursuant to the Articles, an ordinary resolution for the continuation of the Company will be proposed at the first annual general meeting of the Company to be held following the fifth anniversary of Admission and, if passed, every three years thereafter. If any such resolution is not passed, proposals will be put forward to the effect that the Company be wound up, liquidated, reconstructed or unitised.

(s) ***Objects***

The objects and purposes of the Company are not restricted under the Articles.

4. Mandatory bids and compulsory acquisition rules relating to the Ordinary Shares

(a) ***Mandatory bid***

The City Code on Takeovers and Mergers applies to the Company. Under Rule 9 of the City Code, if:

(i) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or

(ii) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquiror or its concert parties during the previous 12 months.

(b) ***Compulsory acquisition***

Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

5. Information on the Directors

(a) Details of the names of companies and partnerships (excluding directorships of the Company) of which the Directors are or have been members of the administrative, management or supervisory bodies or partners at any time in the five years preceding the date of this Prospectus:

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
David MacLellan	Denholm Industrial Group Limited DJR Acquisitions Limited Granite One Hundred Holdings Limited J & J Denholm Limited John Laing Infrastructure Fund Limited Pyrenees Infrastructure 1 Limited RJD Burgess GP (Scotland) Limited RJD Burgess GP Limited RJD General Partner (Scotland) II Limited	Havelock Europa PLC Maven Income and Growth VCT 2 PLC Pyrenees Infrastructure 2 Limited Pyrenees Infrastructure Ltd

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
David MacLellan (continued)	RJD General Partner II Limited RJD General Partner III Limited RJD GP III (Scotland) Limited RJD Group Limited RJD Partners Limited RLPE Founder Partner Limited RLPE General Partner Limited	
Timothy Luckhurst	–	–
Soha Gawaly	Strategic Investments Group Limited Strategic Active Trading Funds Plc Strategic Investment Funds UCITS Plc	–

(b) None of the Directors:

(i) has any convictions in relation to fraudulent offences for at least the previous five years; or

(ii) has been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company or a senior manager of a company at the time of any receivership or liquidation for at least the previous five years; or

(iii) has been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for at least the previous five years.

6. Directors' and others' interests

(a) The Directors currently have no interests in the share capital of the Company. Immediately following Admission the interests (all of which are or will be beneficial unless otherwise stated) of the Directors in the ordinary share capital of the Company are as follows*:

Name of Director	*Number of Ordinary Shares*	*Total issue price (US$)*	*Percentage of issued share capital** (%)*
David MacLellan	75,000	75,000.00	0.06
Timothy Luckhurst	–	–	–
Soha Gawaly	–	–	–

* Assuming each of the Directors subscribes for the Ordinary Shares for which he or she has indicated an intention to subscribe and that the Issue is fully subscribed

** Assuming Gross Issue Proceeds of US$125 million

(b) Save as disclosed in paragraph 6(a) above, immediately following Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company or any potential conflicts of interests between any duties owed to the Company as a Director and their private interests and/or other duties.

(c) The voting rights of the Company's Shareholders are the same in respect of each Ordinary Share held.

(d) Save for the GH Investment, as at the date of this Prospectus, the Company is not aware of any person who will, immediately following Admission, hold three per cent. or more of the voting rights in the Company as a Shareholder or through a direct or indirect holding of financial instruments (in each case for the purposes of Chapter 5 of the Disclosure Guidance and Transparency Rules of the FCA). The Company is not aware of any person who, following Admission, will directly or indirectly own or control the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

(e) The Directors are in addition to the Company, directors/partners of the companies listed in paragraph 5 of this Part VIII. The Articles contain provisions whereby a Director shall not vote *inter alia* in respect of any matter in which he has, directly or indirectly, any material interest. Save, in relation to the directorships listed in paragraph 5 of this Part VIII, there are no potential conflicts of interest between any duties owed by the Directors to the Company and their private interests and/or other duties.

7. Directors' Appointments

Under the terms of their appointments as non-executive Directors of the Company, each Director is entitled to an annual fee of £35,000 per annum. The Chairman is paid a further £10,000 per annum in addition to this amount, the chair of the Audit Committee is paid a further £5,000 per annum in addition to this amount and the chair of the Remuneration and Nomination Committee is paid a further £2,500 per annum in addition to this amount. The Directors may elect to apply the cash amount equal to their annual fee to subscribe for or purchase Ordinary Shares. The Directors hold their office in accordance with the Articles and their appointment letters. No Director has a service contract with the Company, nor are any such contracts proposed. The retirement and removal provisions relating to the Directors (in their capacity as directors) are summarised in paragraph 3(p) of this Part VIII.

8. Employees

The Company does not have any employees.

9. Material Contracts and Related Party Transactions

(a) All material contracts entered into by the Company are expressed to be governed by and construed in accordance with the law of England and Wales. The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation and/or which are or may be material to the Company or have been entered into by the Company at any time and contain a provision under which the Company has any obligation or entitlement which is material to the Company at the date of this Prospectus:

(i) A placing agreement dated 17 September 2018 entered into by the Company, each of the Directors, the Investment Manager and JPMC pursuant to which, subject to certain conditions, JPMC has been appointed as sole bookrunner and has agreed to use its reasonable endeavours to procure purchasers for the Ordinary Shares to be issued pursuant to the Placing.

The Placing Agreement is conditional on, among other things, Admission occurring by 8.00 a.m. on 23 October 2018 (or such later date, not being later than 21 December 2018 as the Company and JPMC may agree).

The Placing Agreement is further conditional upon the Net Issue Proceeds totalling not less than US$122.5 million (being the Minimum Net Proceeds). In the event that any of the conditions in the Placing Agreement are not met, JPMC shall, amongst other things, not be under any obligation to complete the Placing, the Company shall withdraw its application for Admission (making such announcement as reasonably required by JPMC) and appropriate arrangements for the return of monies received shall be made.

In consideration for its services under the Placing Agreement, JPMC will be paid (i) a base fee equal to 1.5 per cent. of the Gross Issue Proceeds (the "**Base Fee**"); and (ii) an equity structuring fee of at least US$250,000 (the "**Equity Structuring Fee**"), provided that the Equity Structuring Fee shall be increased (if necessary) to ensure that the combined Base Fee and Equity Structuring Fee shall be not less than US$2 million. JPMC shall also be reimbursed for all out-of-pocket expenses incurred by it in connection with the Issue.

The Company, the Investment Manager and the Directors have in the Placing Agreement given certain customary warranties (subject, in the case of the Directors, to certain agreed caps), and the Company and the Investment Manager have agreed to provide customary indemnities, to JPMC.

(ii) An agreement dated 17 September 2018 between the Company and the Investment Manager whereby the Investment Manager is appointed to act as investment manager of the Company. The Investment Manager has agreed to provide customary services of a discretionary investment manager that is also appointed as an EEA AIFM to the Company.

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee together with reimbursement of all reasonable costs and expenses incurred by it in the performance of its duties. The Investment Manager is also entitled to a performance fee in certain circumstances. Details of the management fee and performance fee are set out in Part V of this Prospectus under the sub-heading "Fees and expenses".

The terms of the Investment Management Agreement provide that the Investment Manager may delegate certain of its functions as Investment Manager (provided that the Investment Manager shall always be responsible to the Company for the acts and omission of any such delegates, including the acts and omissions of the Investment Adviser carried out pursuant to the Investment Advisory Agreement).

The Investment Management Agreement may be terminated by either party on 6 months' notice, such notice not to be served before the third anniversary of Admission, and may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied. The Investment Management Agreement may also be immediately terminated by the Company in certain circumstances, including the loss of the Investment Manager's FCA authorisation, upon a change of control of the Investment Manager, or upon a certain key individual ceasing to perform the services to be provided by the Investment Manager to the Company under the terms of the Investment Management Agreement (and the Company not having approved any replacement individuals). The Company has also agreed to indemnify the Investment Manager for losses that the Investment Manager may incur in the performance of its duties pursuant to the Investment Management Agreement or otherwise in connection with the Company's activities that are not attributable to, *inter alia*, the negligence, fraud, or wilful default of, the Investment Manager.

(iii) An agreement dated 17 September 2018 between the Company and the Administrator whereby the Administrator is appointed to act as administrator and company secretary of the Company. Under the terms of the Administration Services Agreement, the Administrator will also provide certain valuation services.

Under the terms of the Administration Services Agreement, the Administrator is entitled to an annual fee in respect of administration services it will provide of an amount equal to the greater of: (a) 1/12th of £70,000 per month; and (b) £70,000 per annum of the portion of NAV up to, and including, US$195 million; plus an amount equal to 0.03 per cent. per annum of the next US$130 million of NAV; plus an amount equal to 0.02 per cent. per annum on the next US$325 million of NAV; plus an amount equal to 0.015 per cent. per annum on the next US$650 million of NAV; plus an amount equal to 0.01 per cent. per annum of the NAV thereafter. The Administrator is also entitled to a fixed annual fee in respect of company secretarial services it will provide of £35,000 (exclusive of VAT) per annum.

The Administration Services Agreement may be terminated by either party on three months' notice and may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied. The Administration Services Agreement contains customary indemnities from the Company in favour of the Administrator.

(iv) An agreement dated 17 September 2018 between the Company and the Depositary whereby the Depositary is appointed to act as depositary of the Company.

The Depositary will perform the customary services and it is permitted to delegate the performance of its obligations, including the safe keeping of assets under Article 21(8)(a) of the AIFMD, subject to certain conditions being satisfied. The Depositary has delegated its obligations in respect of the safe keeping of the Company's investments to Sparkasse Bank Malta plc. The Depositary has contractually discharged its liabilities under the Depositary Agreement in respect of the delegated services. A custody fee in respect of the fees and

expenses of the Custodian will be payable by the Company in addition to the fees charged by the Depositary, subject to a minimum annual fee of €10,000.

Under the terms of the Depositary Agreement, the Depositary is entitled to a periodic fee calculated as follows:

(a) where the NAV is less than or equal to $500 million, 0.015 per cent. of the NAV per annum, subject to a minimum fee of £24,000 per annum (which is to be reduced to £15,000 for the first six months after the date of Admission); and

(b) where the NAV is greater than $500 million, an additional 0.010 per cent. per annum in respect of that part of the NAV which is in excess of $500 million,

The Depositary shall invoice the Company quarterly in arrear in respect of the periodic fee (together, if applicable, with any VAT thereon). The Depositary is entitled to charge an additional fee where the Company undergoes a lifecycle event (for example, a reorganisation) which entails additional work for the Depositary. Such a fee will be agreed with the Company on a case by case basis.

All charges may be subject to change from time to time, as agreed between the Depositary and the Company.

All charges are subject to VAT (if applicable).

The Depositary shall also be entitled to reimbursement of all out of pocket costs, expenses and charges reasonably and properly incurred on behalf of the Company.

The Depositary Agreement provides that, subject to the applicable provisions, the Depositary may lend the Company's custody assets or deposit such custody as collateral in accordance with the Company's or Investment Manager's instructions but neither the Depositary nor any third party to whom the Depositary may delegate custody shall otherwise be entitled to use or re-use custody assets.

The Depositary Agreement may be terminated by either party on three months' prior written notice. If the Depositary wishes to retire and stop providing the services under the agreement, it must give the Company not less than three months' written notice of its wish to do so. To the extent that the Company is required to have a depositary under applicable law, the Depositary may not retire until a successor is appointed. The agreement may be terminated immediately by either the Company or the Depositary on the occurrence of certain events, including, *inter alia*,: (i) if the other party has committed a material and continuing breach of the terms of the Depositary Agreement; or (ii) in the case of the other's insolvency.

The Depositary Agreement provides for the Depositary, its officers, agents and employees to be indemnified by the Company against: (i) any liability or loss suffered or incurred in connection with the proper provision of services under the agreement; and (ii) any costs and expenses reasonably incurred in defending any proceedings relating to the services in which judgement is given in favour of the Depositary, its officers, agents and employees, in each case other than where such loss results from the fraud, wilful default, negligence or bad faith of the Depositary, its officers, agents and employees. The Depositary Agreement contains customary representations, warranties and undertaking given by the Company in favour of the Depositary.

(v) An agreement dated 17 September 2018 between the Company and the Registrar whereby the Registrar is appointed to act as registrar of the Company. The Registrar shall be entitled to receive an annual register maintenance fee from the Company equal to £1.45 per Shareholder per annum or part thereof, subject to an annual minimum charge of £4,800 (exclusive of VAT). Other services will be charged for in accordance with the Registrar's normal tariff as agreed between the Company and the Registrar from time to time. The Registrar shall also be entitled to reimbursement of all out of pocket costs, expenses and charges reasonably and properly incurred on behalf of the Company.

The Registrar Agreement shall continue in force unless and until terminated by either party giving to the other not less than six months' notice to terminate the same, such notice to expire on or

at any time after the third anniversary from the agreement's effective date (being the date of Admission). The Registrar Agreement is also terminable on written notice in the event of, *inter alia*, breach of the agreement (which has not been remedied within 21 days' written notice of such breach) or insolvency.

The Registrar's liability under the Registrar Agreement is subject to a cap.

The Registrar Agreement contains customary indemnities from the Company in favour of the Registrar.

(vi) An agreement dated 17 September 2018 between the Company and the Receiving Agent is appointed to act as the Company's Receiving Agent in respect of the Offer for Subscription.

The Receiving Agent shall be entitled to a fixed fee of £5,000 (exclusive of VAT) plus certain other fees including a processing fee per Offer for Subscription Application. If the Offer for Subscription is cancelled after it opens but before Admission, the Receiving Agent is entitled to a minimum fee of £2,000 (exclusive of VAT). The Receiving Agent will also be entitled to reimbursement of all out-of-pocket expenses reasonably incurred by it in connection with its duties. These fees will be for the account of the Company.

The Receiving Agent Services Agreement contains customary indemnities from the Company in favour of the Receiving Agent.

(vii) An agreement between the Company and GH Transfer 1 LLC, an entity wholly owned and controlled by Gregg Hymowitz, pursuant to which GH Transfer 1 LLC has committed to subscribe, conditional upon Admission taking place, for 4 million Ordinary Shares in the Issue.

(viii) An agreement between the Company, JPMC and GH Transfer 1 LLC, pursuant to which GH Transfer 1 LLC has agreed that the Ordinary Shares subscribed for by it in the Issue be subject to a lock-up period of 12 months, with effect from Admission, subject to certain limited exceptions.

(ix) An agreement between the Company, JPMC and Omar Kodmani, pursuant to which Omar Kodmani has agreed that the Ordinary Shares subscribed for by him (or an entity controlled by him) in the Issue be subject to a lock-up period of 12 months, with effect from Admission, subject to certain limited exceptions.

(b) Except with respect to the appointment letters entered into between the Company and each director and the Investment Management Agreement, the Company has not been a party to any related party transaction since its incorporation.

10. Working Capital

The Company is of the opinion that the Company has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

11. Capitalisation and Indebtedness

At the date of this Prospectus, the Company:

(a) does not have any secured, unsecured or unguaranteed indebtedness, including direct and contingent indebtedness;

(b) has not granted any mortgage or charge over any of its assets; and

(c) does not have any contingent liabilities or guarantees.

As at the date of this Prospectus, the Company's issued share capital consists of 50,000 Management Shares of £1.00 each and one Ordinary Share of US$0.01, all shares being fully paid-up.

12. No Significant Change

There has been no significant change in the financial or trading position of the Company since its incorporation.

13. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company.

14. General

(a) The total costs (including fees and commissions) (exclusive of recoverable VAT) payable by the Company in connection with the Issue and Admission will be up to US$2.5 million, assuming Gross Issue Proceeds of US$125 million. The estimated net cash proceeds accruing to the Company from the Issue are US$122.5 million (assuming 125 million Ordinary Shares are issued pursuant to the Issue). Since the Company has not commenced operations and therefore not generated any earnings, the Issue will represent a significant gross change to the Company. At the date of this Prospectus and until Admission, the assets of the Company are £50,000 and US$0.01. Under the Issue, on the basis that 125 million Ordinary Shares are to be issued, the net assets of the Company would increase by approximately US$122.5 million immediately after Admission assuming that the expenses of the Issue payable by the Company are 2 per cent. of the Gross Issue Proceeds. Following completion of the Issue, the Net Issue Proceeds will be invested in accordance with the Company's investment policy and pending investment will be held on deposit or invested in near cash instruments and consequently it is expected that the Company will derive earnings from invested assets in the form of dividends and interest.

(b) The Issue will result in the existing Ordinary Share being diluted by 99.99 per cent. None of the Ordinary Shares available under the Issue are being underwritten.

(c) The Placing is being carried out on behalf of the Company by JPMC which is authorised in the United Kingdom by the Prudential Regulation Authority ("**PRA**") and regulated in the United Kingdom by the Financial Conduct Authority and the PRA.

(d) Each of the Investment Manager and the Investment Adviser may be a promoter of the Company. Save as disclosed in paragraph 9 above no amount or benefit has been paid, or given, to the promoter or any of its subsidiaries since the incorporation of the Company and none is intended to be paid, or given.

(e) Each of the Investment Manager and JPMC has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear. The telephone number of the Investment Manager is +44(0) 20 7389 1300.

(f) The Investment Manager accepts responsibility for: the information in Part III of this Prospectus. The Investment Manager has taken all reasonable care to ensure that the information contained in Part III of this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its import.

(g) Maritime Strategies International Limited, of Ground Floor, 24 Southwark Bridge Road, London SE2 9HF has given and has not withdrawn its written consent to the inclusion of its name and of its report included in Part II of this Prospectus and references to them in the form and context in which they are included and has authorised, and accordingly takes responsibility for the contents of that report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules. To the best of the knowledge of MSI (which has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information. MSI has no material interest in the Company.

(h) Where information contained in this Prospectus has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware

and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

(i) The Company has no existing interests in real property and has no tangible fixed assets which are material to its business.

(j) Since incorporation, the Company has not made up any financial statements or published any financial information.

15. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL up to and including 23 October 2018:

(a) the Articles;

(b) the letters of appointment referred to in this Part VIII;

(c) the letters of consent referred to in paragraph 14 above; and

(d) this Prospectus.

This Prospectus is dated 17 September 2018.

PART IX

TERMS AND CONDITIONS OF THE PLACING

1. Introduction

Each investor which confirms its agreement to subscribe for Ordinary Shares under the Placing to JPMC (for the purposes of this Part IX, a "**Placee**") will be bound by these terms and conditions and will be deemed to have accepted them.

Each of the Company and/or JPMC, as applicable, may require a Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (for the purposes of this Part IX, a "**Placing Letter**"). The terms of this Part IX will, where applicable, be deemed to be incorporated into that Placing Letter.

2. Agreement to Subscribe for Ordinary Shares

Conditional on, amongst other things: (i) Admission occurring and becoming effective by 8.00 a.m. (London time) on or prior to 23 October 2018 (or such later time and/or date, not being later than 8.00 a.m. on 21 December 2018 as the Company, the Investment Manager and JPMC may agree); (ii) the Minimum Net Proceeds of US$122.5 million being raised pursuant to the Issue; (iii) to the extent required by the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company; (iv) the Placing Agreement becoming otherwise unconditional in all respects (other than in respect of any condition regarding Admission) and not having been terminated in accordance with its terms on or before 8.00 a.m. on the date of Admission; and (v) JPMC confirming to the Placees their allocation of Ordinary Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares allocated to it by JPMC at the Issue Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

Multiple applications or suspected multiple applications on behalf of a single investor are liable to be rejected.

Fractions of Ordinary Shares will not be issued.

3. Payment for Ordinary Shares

Each Placee undertakes to pay in full the Issue Price for the Ordinary Shares issued to such Placee in the manner and by the time directed by JPMC. In the event of any failure by a Placee to pay as so directed and/or by the time required by JPMC, as applicable, the relevant Placee shall be deemed hereby to have irrevocably and unconditionally appointed JPMC or any nominee of JPMC as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Ordinary Shares in respect of which payment shall not have been made as directed, and to indemnify JPMC and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales.

A sale of all or any of such Ordinary Shares shall not release the relevant Placee from the obligation to make such payment for relevant Ordinary Shares to the extent that JPMC or its nominee has failed to sell such Ordinary Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, is equal to or exceeds the Issue Price.

4. Representations, Warranties and Undertakings

4.1 By agreeing to subscribe for Ordinary Shares, each Placee which enters into a commitment to subscribe for Ordinary Shares (for the purposes of this Part IX, a "**Placing Commitment**") will (for itself and for any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any

such person(s)) be deemed to acknowledge, understand, undertake, represent and warrant to each of the Company, the Investment Manager, the Registrar and JPMC, that:

4.1.1 in agreeing to subscribe for Ordinary Shares under the Placing, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company prior to Admission and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Ordinary Shares, or the Placing. It agrees that none of the Company, the Investment Manager, the Registrar or JPMC, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have against any such persons in respect of any other information or representation;

4.1.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares under the Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any such territory or jurisdiction and that it has not taken any action or omitted to take any action which will or might reasonably be expected to result in the Company, the Investment Manager, the Registrar or JPMC, or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing.

4.1.3 it has carefully read and understands this Prospectus and any supplementary prospectus issued by the Company prior to Admission in its entirety and acknowledges that it is acquiring Ordinary Shares on the terms and subject to the conditions set out in this Part IX and, as applicable, in the contract note or oral or email placing confirmation, as applicable, referred to in paragraph 4.1.11 of this Part IX (for the purposes of this Part IX, the "**Contract Note**" or the "**Placing Confirmation**") and the Placing Letter (if any) and the Articles as in force at the date of Admission;

4.1.4 it has not relied on JPMC, or any person affiliated with JPMC, in connection with any investigation of the accuracy of any information contained in this Prospectus;

4.1.5 (other than in respect of the report contained in Part II of this Prospectus, for which MSI accepts responsibility for the purposes of Prospectus Rule 5.5.3R(2)(f)), the content of this Prospectus and any supplementary prospectus issued by the Company is exclusively the responsibility of the Company and its Directors and neither JPMC, the Investment Manager, the Registrar, nor any person acting on their behalf nor any of their affiliates are responsible for or shall have any liability for any information, representation or statement contained in this Prospectus (and any such supplementary prospectus issued by the Company) or any information previously published by or on behalf of the Company including the Key Information Document and will not be liable for any decision by a Placee to participate in the Placing based on any information, representation or statement contained in this Prospectus or otherwise;

4.1.6 no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus issued by the Company prior to the date of Admission and, if given or made, any information or representation must not be relied upon as having been authorised by JPMC, the Company, the Investment Manager or the Registrar;

4.1.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;

4.1.8 the price payable per Ordinary Share in the Issue is fixed at the Issue Price and is payable to JPMC, on behalf of the Company, in accordance with the terms of this Part IX and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any);

4.1.9 it has the funds available to pay in full for the Ordinary Shares for which it has agreed to subscribe pursuant to its Placing Commitment and that it will pay the total subscription in accordance with the terms set out in this Part IX and, as applicable, as set out in the Contract Note or Placing Confirmation and the Placing Letter (if any) on the due time and date;

4.1.10 its commitment to acquire Ordinary Shares under the Placing (as applicable) will be agreed orally or in writing (which shall include by email) with JPMC, as agent for the Company and that a Contract Note or Placing Confirmation will be issued by JPMC as soon as possible thereafter. That oral or written agreement will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and JPMC to subscribe for the number of Ordinary Shares allocated to it and comprising its Placing Commitment at the Issue Price on the terms and conditions set out in this Part IX and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) and in accordance with the Articles in force as at the date of Admission. Except with the consent of JPMC such oral or written commitment will not be capable of variation or revocation after the time at which it is made;

4.1.11 its allocation of Ordinary Shares under the Placing will be evidenced by Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of Ordinary Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Ordinary Shares; and (iii) settlement instructions to pay JPMC as agent for the Company. The terms of this Part IX will be deemed to be incorporated into that Contract Note or Placing Confirmation;

4.1.12 settlement of transactions in the Ordinary Shares following Admission will take place in CREST but JPMC reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;

4.1.13 none of the Ordinary Shares have been or will be registered under the laws of any member state of the EEA (other than the United Kingdom), the United States, Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of the Placing would breach any applicable law. Accordingly the Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of the following: any member state of the EEA (a "**Member State**") (other than the United Kingdom), the United States, Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of the Placing would breach any applicable law unless an exemption from any registration requirement is available;

4.1.14 it: (i) is entitled to subscribe for the Ordinary Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Ordinary Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;

4.1.15 if it is within the United Kingdom, it is (a) (i) a qualified investor within the meaning of Section 86(d) of the FSMA; and (ii) a person who falls within Articles 49(2)(a) to (d), 19(1) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the Ordinary Shares may otherwise lawfully be offered whether under such Order or otherwise; or (b) if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Ordinary Shares may be lawfully offered under that other jurisdiction's laws and regulations;

4.1.16 if it is a resident in a Member State (other than the United Kingdom), it is (a) a "qualified investor" within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive; and (b) otherwise permitted to be marketed to in accordance with the provisions of the AIFM Directive as implemented in the relevant Member State in which it is located;

4.1.17 in the case of any Ordinary Shares acquired by a Placee as a financial intermediary within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive: (i) the Ordinary Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of JPMC has been

given to the offer or resale; or (ii) where Ordinary Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those Ordinary Shares to it is not treated under the Prospectus Directive as having been made to such persons;

4.1.18 if it is outside the United Kingdom, neither this Prospectus (and any supplementary prospectus issued by the Company) nor any other offering, marketing or other material in connection with the Placing or the Ordinary Shares (for the purposes of this Part IX, each a "**Placing Document**") constitutes an invitation, offer or promotion to, or arrangement with, it or any person for whom it is procuring to subscribe for Ordinary Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation, promotion or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Ordinary Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;

4.1.19 (i) the Ordinary Shares have not been and will not be registered under the Securities Act and are being offered only in "offshore transactions" to non-US persons as defined in and pursuant to Regulation S and that it is purchasing the Ordinary Shares outside the United States in compliance with such regulations; (ii) the Company has not registered, and does not intend to register, as an investment company under the Investment Company Act; and the Ordinary Shares may only be transferred in circumstances which will not result in the Company being required to register under the Investment Company Act; and (iii) that, in each case, it agrees to sell, transfer, assign, pledge or otherwise dispose of the Ordinary Shares in offshore transactions in compliance with Regulation S (which includes, for the avoidance of doubt, any bona fide sale on the London Stock Exchange's Main Market) or in transactions that are exempt from registration under the Securities Act and do not require the Company to register under the Investment Company Act;

4.1.20 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares under Placing, that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any such territory or jurisdiction and that it has not taken any action or omitted to take any action which will or might reasonably be expected to result in the Company, the Investment Manager, the Registrar or JPMC, or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;

4.1.21 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus (and any supplementary prospectus issued by the Company) or any other Placing Document to any persons within the United States or to any US Person, nor will it do any of the foregoing;

4.1.22 it does not have a registered address in, and is not a citizen, resident or national of Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares and it is not acting on a non-discretionary basis for any such person;

4.1.23 if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for Ordinary Shares under the Placing and will not be any such person on the date that such subscription is accepted;

4.1.24 (i) it has communicated or caused to be communicated and will communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Ordinary Shares only in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person; and (ii) that no Placing Document is being issued by JPMC in its capacity as an authorised person under section 21 of the FSMA and the Placing Documents may not therefore be subject to the controls which would apply if the Placing Documents were made or approved as financial promotion by an authorised person;

4.1.25 it is aware of and acknowledges that it is required to comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the in, from or otherwise involving, the United Kingdom;

4.1.26 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, the Market Abuse Regulation and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;

4.1.27 no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the Ordinary Shares or possession of this Prospectus (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;

4.1.28 neither JPMC, nor any of its affiliates nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and participation in the Placing is on the basis that it is not and will not be a client of JPMC and that JPMC has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor, if applicable, in respect of any representations, warranties, undertaking or indemnities contained in any Placing Letter;

4.1.29 that, save in the event of fraud on the part of JPMC, none of JPMC, its ultimate holding companies, any direct or indirect subsidiary undertakings of such holding Company, any of its respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of JPMC's role as sole bookrunner or otherwise in connection with the Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately and irrevocably waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;

4.1.30 that where it is subscribing for Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Ordinary Shares for each such account; (ii) to make on each such account's behalf the undertakings, acknowledgements, representations, warranties and agreements set out in this Prospectus; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and JPMC. It agrees that the provision of this paragraph shall survive any resale of the Ordinary Shares by or on behalf of any such account;

4.1.31 it irrevocably appoints any Director and any director or duly authorised employee or agent of JPMC to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Ordinary Shares comprising its Placing Commitment in the event of its own failure to do so;

4.1.32 if the Placing does not proceed or the relevant conditions under the Placing Agreement are not satisfied or the Ordinary Shares for which valid applications are received and accepted are not admitted to trading on the Specialist Fund Segment for any reason whatsoever then none of JPMC, the Company, the Investment Manager and persons controlling, controlled by or under common control with any of them, and any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;

4.1.33 in connection with its participation in the Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing and that its application for Ordinary Shares under the Placing is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied for Ordinary Shares. In addition, it warrants that it is a person: (i) subject to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 in force in the United Kingdom (the "**Money Laundering Regulations**"); or (ii) subject to the Money Laundering Directive (2015/849/EC of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the

law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Regulations;

4.1.34 due to anti-money laundering requirements, JPMC and the Company may require proof of identity and verification of the source of the payment before the application for Ordinary Shares under the Placing can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, JPMC and the Company may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will hold harmless and indemnify JPMC and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;

4.1.35 it acknowledges and agrees that information provided by it to the Company or the Registrar will be stored both on the Registrar's and the Company Secretary's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection Legislation, the Registrar, the Company Secretary and JPMC are each required to specify the purposes for which they will hold personal data. For the purposes of this Part IX, "Data Protection Legislation" means any law applicable from time to time relating to the processing of personal data and/or privacy, as in force at the date of this Agreement or as re-enacted, applied, amended, superseded, repealed or consolidated, including without limitation, the UK Data Protection Act 2018, the General Data Protection Regulation (EU) 2016/679, and the Privacy and Electronic Communications (EC Directive) Regulations 2003, in each case including any legally binding regulations, direction and orders issued from time to time under or in connection with any such law. The Registrar, the Company Secretary and JPMC will only use such information for the purposes set out below (collectively, the "**Purposes**"), being to:

(a) process its personal data (including special categories of personal data (as defined in applicable Data Protection Legislation)) as required for or in connection with the holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it and effecting the payment of dividends and other distributions to Shareholders.;

(b) communicate with it as necessary in connection with the proper running of its business affairs and generally in connection with the holding of Ordinary Shares;

(c) provide personal data to such third parties as are or shall be necessary in connection with the proper running of its business affairs and generally in connection with the holding of Ordinary Shares or as the Data Protection Legislation may require, including to third parties outside the United Kingdom or the European Economic Area (subject to the use of a transfer mechanism which is approved at the relevant time by the European Commission or any other regulatory body which has or acquires the right to approve methods of transfer of personal data outside the UK);

(d) process its personal data for the purpose of their internal record-keeping and reporting obligations.

4.1.36 in providing JPMC, the Registrar and the Company Secretary with information, and to the extent that such information relates to a third party procured by a Placee to subscribe for Ordinary Shares and any nominee for any such persons, it hereby represents and warrants to JPMC, the Registrar and the Company Secretary that it has obtained any necessary consents of any data subject whose data it has provided, to JPMC, the Registrar and the Company Secretary and their respective associates holding and using their personal data for the Purposes (including, where required, the explicit consent of the data subjects for the processing of any personal data (including special categories of personal data (as defined in applicable Data Protection Legislation)) for the Purposes set out in paragraph 4.1.34 above) and will make the list of "Purposes" for which JPMC, the Registrar and the Company Secretary will process the data (as set out in paragraph 4.1.36) of this Agreement) available to all data subjects whose personal data may be shared by it in the performance of this Agreement. For the purposes of this Part IX, "data subject", "data controller", "data processor", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Legislation;

4.1.37 JPMC is entitled to exercise any of its rights under the Placing Agreement (including, without limitation, rights of termination) or any other right in its absolute discretion without any liability whatsoever to it;

4.1.38 the representations, undertakings and warranties contained in this Part IX and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any), are irrevocable. It acknowledges that JPMC and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings and it agrees that if any of the representations or warranties or undertakings made or deemed to have been made by its subscription of the Ordinary Shares under the Placing are no longer accurate, it shall promptly notify JPMC and the Company;

4.1.39 any of its clients, whether or not identified to JPMC will remain its sole responsibility and will not become clients of JPMC for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;

4.1.40 the allocation of Ordinary Shares in respect of the Placing shall be determined by the Company in its absolute discretion (in consultation with the Company) and that JPMC may scale back any Placing Commitment on such basis as it may determine (which may not be the same for each Placee);

4.1.41 time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares subscribed under the Placing and to comply with its other obligations under the Placing;

4.1.42 it authorises JPMC to deduct from the total amount subscribed under the Placing, the aggregate commission (if any) (calculated at the rate agreed with the Placee) payable on the number of Ordinary Shares allocated under the Placing, as applicable;

4.1.43 in the event that a supplementary prospectus is required to be produced pursuant to section 87G of the FSMA and in the event that it chooses to exercise any right of withdrawal pursuant to section 87(Q)(4) of the FSMA, such Placee will immediately re-subscribe for the Ordinary Shares previously comprising its Placing Commitment;

4.1.44 the Placing will not proceed if the Minimum Net Proceeds would be less than US$122.5 million; and

4.1.45 the commitment to subscribe for Ordinary Shares on the terms set out in this Part IX and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) will continue notwithstanding any amendment that may in the future be made to the terms of the Placing and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of the Placing.

The Company, the Investment Manager, the Registrar and JPMC will rely upon the truth and accuracy of the foregoing representations, warranties, undertakings and acknowledgements. You agree to indemnify and hold each of the Company, the Investment Manager, the Registrar and JPMC and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach of the representations, warranties, undertakings, agreements and acknowledgements in this Part IX.

5. Purchase and Transfer Restrictions for US Persons

Unless it is otherwise expressly agreed with the Company and JPMC, by participating in the Placing, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, JPMC, the Investment Manager and the Registrar that:

5.1 it is not a U.S. Person, is not located within the United States, is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S and is not acquiring the Ordinary Shares for the account or benefit of a U.S. Person;

5.2 it acknowledges that the Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the U.S. Securities Act;

5.3 It understands that the Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

5.4 it acknowledges that the Company has not registered, and does not intent to register, as an investment company under the Investment Company Act and that the Company has put in place transfer and offering restrictions with respect to persons located in the United States and US Persons described herein so that the Company will qualify for the exemption provided under Section 3(c)(7) of the Investment Company Act and to ensure that the Company will not be required to register as an investment company;

5.5 it will not be entitled to the benefits of the U.S. Investment Company Act;

5.6 unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an "employee benefit plan" as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974 as amended (for the purposes of this Part IX, "**ERISA**") that is subject to Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the United States Internal Revenue Code of 1986, as amended (for the purposes of this Part IX, the "**U.S. Internal Revenue Code**"), including an individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Internal Revenue Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the U.S. Internal Revenue Code. In addition, if a Placee is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the U.S. Internal Revenue Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;

5.7 any Ordinary Shares delivered to the Placee in certificated form will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

"THE SECURITY OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THIS LEGEND. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS, ACKNOWLEDGES AND AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN AN OFFSHORE TRANSACTION PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE TRANSFEROR TO BE A US PERSON, IF EITHER (1) AT THE TIME THE BUY ORDER ORIGINATED THE TRANSFEREE WAS OUTSIDE THE UNITED STATES, OR THE TRANSFEROR AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVED THE TRANSFEREE WAS OUTSIDE THE UNITED STATES OR (2) THE SALE IS MADE IN A TRANSACTION EXECUTED IN A DESIGNATED OFFSHORE SECURITIES MARKET, AND TO A PERSON NOT KNOWN TO THE TRANSFEROR TO BE A US PERSON BY PRE-ARRANGEMENT OR OTHERWISE, AND UPON CERTIFICATION, IF SO REQUESTED BY THE COMPANY TO THAT EFFECT BY THE TRANSFEROR IN WRITING IN AN OFFSHORE TRANSACTION LETTER OR ANOTHER FORM ACCEPTABLE TO THE ISSUER. THE TERMS "US PERSON", "OFFSHORE TRANSACTION" AND "DESIGNATED OFFSHORE SECURITIES MARKET" HAVE THE MEANINGS SET FORTH IN REGULATION S. BLUE OCEAN MARITIME INCOME PLC HAS NOT BEEN AND WILL

NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT").

THE HOLDER OF THIS SECURITY AND ANY SUBSEQUENT TRANSFEREE WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT (I) IT IS NOT, AND IS NOT ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR UNLESS IT ACQUIRES THE SECURITY ON OR PRIOR TO ADMISSION WITH THE WRITTEN CONSENT OF THE COMPANY, AND (II) (A) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH SECURITY DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986 (THE "CODE") AND (B) IF IT IS A GOVERNMENTAL, CHURCH, NON-US OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-US LAW THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), (1) IT IS NOT, AND FOR SO LONG AS IT HOLDS SUCH SECURITY OR INTEREST THEREIN WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-US OR OTHER LAWS OR REGULATIONS THAT COULD CAUSE THE UNDERLYING ASSETS OF THE COMPANY TO BE TREATED AS ASSETS OF A SHAREHOLDER BY VIRTUE OF ITS INTEREST IN THE SECURITY AND THEREBY SUBJECT THE COMPANY (OR ANY PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE COMPANY'S ASSETS) TO ANY SIMILAR LAW AND (2) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH SECURITY WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY SIMILAR LAW AND (III) IT WILL AGREE TO CERTAIN TRANSFER RESTRICTIONS REGARDING ITS INTEREST IN SUCH SECURITIES. A "BENEFIT PLAN INVESTOR" MEANS (1) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (2) A PLAN TO WHICH SECTION 4975 OF THE CODE APPLIES, OR (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY.";

5.8 if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, it will do so only to non-US Persons in an offshore transaction in compliance with Regulation S, and under circumstances which will not require the Company to register under the U.S. Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles (as amended from time to time);

5.9 it is purchasing the Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Ordinary Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;

5.10 the Company reserves the right to make inquiries of any holder of the Ordinary Shares or interests therein at any time as to such person's status under the U.S. federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the U.S. securities laws to transfer such Ordinary Shares, or interests in accordance with the Articles (as amended from time to time);

5.11 the Company is required to comply with the U.S. Foreign Account Tax Compliance Act of 2010 and any regulations made thereunder or associated therewith (for the purposes of this Part IX, "**FATCA**") and that the Company will follow FATCA's extensive reporting and withholding requirements. The Placee agrees to furnish any information and documents which the Company may from time to time request, including but not limited to information required under FATCA;

5.12 it is entitled to acquire the Ordinary Shares, under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Ordinary Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, the Registrar, JPMC or their respective directors, officers, agents, employees

and advisers being in breach of the laws of any jurisdiction in connection with the Issue or its acceptance of participation in the Placing;

5.13 it has received, carefully read and understands this Prospectus (and any supplementary prospectus issued by the Company), and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus (and any supplementary prospectus issued by the Company) or any other presentation or offering materials concerning the Ordinary Shares to or within the United States or to any U.S. Persons, nor will it do any of the foregoing; and

5.14 if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, JPMC, the Investment Manager and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements. If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor must immediately notify the Company.

6. Supply and Disclosure of Information

If JPMC, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Ordinary Shares under the Placing, such Placee must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

7. Miscellaneous

The rights and remedies of JPMC, the Registrar, the Investment Manager and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be sent by post to such Placee at an address notified by such Placee to JPMC.

Each Placee agrees to be bound by the Articles (as amended from time to time) once the Ordinary Shares which the Placee has agreed to subscribe for pursuant to the Placing have been acquired by the Placee. The contract to subscribe for Ordinary Shares under the Placing and the appointments and authorities mentioned in this Prospectus and all disputes and claims arising out of or in connection with its subject matter or formations (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of JPMC, the Company, the Investment Manager and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for Ordinary Shares under the Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

JPMC and the Company expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined. The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and to the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in Part VIII of this Prospectus.

PART X

TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

1. Introduction

If you apply for Ordinary Shares under the Offer for Subscription, you will be agreeing with the Company, the Registrar and the Receiving Agent to the terms and conditions of application set out below.

2. Offer to acquire Ordinary Shares

Your application must be made on the Offer for Subscription Application Form attached at the end of this Prospectus or as may be otherwise published by the Company. By completing and delivering an Offer for Subscription Application Form, you, as the applicant, and, if you sign the Offer for Subscription Application Form on behalf of another person or a corporation, that person or corporation:

(a) offer to subscribe for such number of Ordinary Shares at US$1.00 per Ordinary Share as may be purchased by the subscription amount specified in Box 1 on your Offer for Subscription Application Form (being a minimum of US$1,000.00) or any smaller number for which such application is accepted at the Issue Price on the terms, and subject to the conditions, set out in this Prospectus, including these terms and conditions of application and the Articles;

(b) agree that, in consideration of the Company agreeing that it will not, prior to the date of Admission, offer for subscription any Ordinary Shares to any person other than by means of the procedures referred to in this Prospectus, your application may not be revoked otherwise than in accordance with your statutory rights under section 87Q(4) of the FSMA and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or in the case of delivery by hand, on receipt by the Receiving Agent of, your Offer for Subscription Application Form;

(c) undertake to pay the amount specified in Box 1 on your Offer for Subscription Application Form in full on application and warrant that the remittance accompanying your Offer for Subscription Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive the share certificates for the Ordinary Shares applied for in certificated form or be entitled to commence dealing in the Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent and the Company against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) void the agreement to allot the Ordinary Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque, in your favour, at your risk, for an amount equal to the proceeds of the remittance which accompanied your Offer for Subscription Application Form, without interest);

(d) agree that where on your Offer for Subscription Application Form a request is made for Ordinary Shares to be deposited into a CREST Account: (i) the Receiving Agent may in its absolute discretion amend the Offer for Subscription Application Form so that such Ordinary Shares may be issued in certificated form registered in the name(s) of the holders specified in your Offer for Subscription Application Form (and you acknowledge that the Receiving Agent will so amend the Offer for Subscription Application Form if there is any delay in satisfying the identity of the applicant or the owner of the CREST Account or in receiving your remittance in cleared funds); and (ii) the Receiving Agent or the Company may authorise your financial adviser or whomever he may direct to send a document of title for or credit your CREST account in respect of the number of Ordinary Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Offer for Subscription Application Form;

(e) agree, in respect of applications for Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2(d) above to issue Ordinary Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Offer for Subscription Application Form may become entitled or pursuant to paragraph 2(d) above (and any monies returnable to you) may be retained by the Receiving Agent:

(i) pending clearance of your remittance;

(ii) pending investigation of any suspected breach of the warranties contained in paragraph 6 below or any other suspected breach of these terms and conditions of application; or

(iii) pending any verification of identity (to the satisfaction of the Company and its agents, including as may concern the manner in which its identification documents are to be certified) which is, or which the Company and its agents consider may be, required for the purposes of compliance with the prevailing anti-money laundering, anti-terrorism and contributing to the financing of criminal activities legislation, regulations and procedures in force from time to time in the United Kingdom (the "**CDD Rules**"); and

(iv) any interest accruing on such retained monies shall accrue to and for the benefit of the Company;

(f) agree, on the request of the Receiving Agent, to disclose promptly in writing to it such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which it may consider appropriate;

(g) agree that, if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Company) following a request therefor, the Company or the Receiving Agent may terminate the agreement with you to allot Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been allotted to you may be reallotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned to the bank account on which the payment accompanying the application was first drawn without interest and at your risk;

(h) represent and warrant to the Company that you have received in hard copy, have downloaded from the Company's website and printed a copy of the Key Information Document prior to completing the Offer for Subscription Application Form, or where you are acting as a nominee on behalf of a retail investor based in the UK, you have delivered a hard copy of the Key Information Document to each retail investor on whose behalf you are accepting the Offer for Subscription prior to receipt of each such investor's instruction to accept the Offer for Subscription

(i) undertake to ensure that, in the case of an Offer for Subscription Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Offer for Subscription Application Form together with full identity documents for the person so signing;

(j) undertake to pay interest at the rate described in paragraph 3(c) below if the remittance accompanying your Offer for Subscription Application Form is not honoured on first presentation;

(k) authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of Ordinary Shares for which your application is accepted or if you have completed Box 7 on your Offer for Subscription Application Form, but subject to paragraph 2(d) above, to deliver the number of Ordinary Shares for which your application is accepted into CREST, and/or to return any monies returnable by cheque in your favour without interest and at your risk;

(l) confirm that you have read and complied with paragraph 8 of this Part X;

(m) agree that all subscription cheques and payments will be processed through a bank account (the "**Acceptance Account**") in the name of "CIS PLC re: Blue Ocean Maritime Income Plc OFS a/c" opened with the Receiving Agent;

(n) acknowledge that any personal data supplied by an Offer for Subscription Applicant or on his behalf, shall be processed in accordance with the data collection notice which is set out on pages 44 and 45 of the Prospectus; and

(o) agree that your Offer for Subscription Application Form is addressed to the Company and the Receiving Agent.

Any application may be rejected in whole or in part at the sole discretion of the Company.

3. Acceptance of your offer

(a) The Company may accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) by notifying acceptance to the Receiving Agent, or the Receiving Agent may accept you offer on behalf of the Company.

(b) The basis of allocation will be determined by the Company in consultation with JPMC. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects completed or delivered in accordance with the instructions accompanying the Offer for Subscription Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Offer for Subscription Application Form where you have agreed with the Company in some other manner to apply in accordance with these terms and conditions of application. The Company and Receiving Agent reserve the right (but shall not be obliged) to accept Offer for Subscription Application Forms and accompanying remittances which are received otherwise than in accordance with these terms and conditions of application.

(c) The Receiving Agent will present all cheques and banker's drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful Offer for Subscription applicants' payment. The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent, to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Receiving Agent plus 2 per cent. per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.

(d) The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for less than the minimum subscription of US$1,000.00.

4. Conditions

(a) The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:

  (i) Admission occurring by 8.00 a.m. on 23 October 2018 (or such later date as the Company and JPMC may agree in writing, being not later than 8.00 a.m. on 21 December 2018); and

  (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before Admission.

(b) You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

5. Return of application monies

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest and after the deduction of any applicable bank charges by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

6. Warranties

By completing an Offer for Subscription Application Form, you:

(a) warrant that, if you sign the Offer for Subscription Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;

(b) warrant that you are a resident of, and are located for the purposes of the Offer for Subscription in the United Kingdom and no other jurisdiction;

(c) warrant, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company, JPMC or the Receiving Agent, or any of their respective officers, agents, employees or affiliates, acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer for Subscription in respect of your application;

(d) confirm that in making an Offer for Subscription Application you are not relying on any information or representations in relation to the Company other than those contained in this Prospectus and any supplementary prospectus published by the Company prior to Admission (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this Prospectus, any supplementary prospectus or any part thereof shall have any liability for any such other information or representation, including the Key Information Document;

(e) agree that, having had the opportunity to read this Prospectus, you shall be deemed to have had notice of all information and representations contained therein;

(f) acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus published by the Company prior to Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, JPMC or the Receiving Agent;

(g) warrant and confirm that:

  (i) you are not a person engaged in money laundering;

  (ii) none of the monies or assets transferred or to be transferred to (or for the account of) the Company and its agents for the purposes of the subscription are or will be the proceeds of criminal activities or activities that would be criminal if carried out in the United Kingdom; and

  (iii) you are not a prohibited individual or entity or resident in a prohibited country or territory listed on the United States Department of Treasury's Office of Foreign Assets Control ("**OFAC**") website and that you are not directly or indirectly affiliated with any country, territory, individual or entity named on an OAFC list or prohibited by any OAFC sanctions programmes;

(h) warrant that you are not under the age of 18 on the date of your application;

(i) agree that all documents and monies sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first-named holder) as set out in your Offer for Subscription Application Form;

(j) confirm that you have reviewed the restrictions contained in paragraph 8 of this Part X below and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions therein;

(k) agree that, in respect of those Ordinary Shares for which your Offer for Subscription Application Form has been received and processed and not rejected, acceptance of your Offer for Subscription Application Form shall be constituted by the Company instructing the Registrar to enter your name on the register of members of the Company;

(l) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription (including any non-contractual obligations arising under or in connection therewith) shall be governed by and construed in accordance with English Law and that you submit to the exclusive jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;

(m) irrevocably authorise the Company, or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or the Receiving Agent to execute any documents required therefor and to enter your name on the register of members of the Company;

(n) agree, on the request of the Company or any of its agents, to disclose promptly in writing to any of them such information as the Company or its agents may request in connection with your application and you agree that information relating to applications will be retained by the Receiving Agent in connection with the Offer for Subscription and may be disclosed as contemplated by the CDD Rules;

(o) agree that the Receiving Agent is acting for the Company in connection with the Offer for Subscription and for no-one else and that it will not treat you as its customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or be responsible to you for providing the protections afforded to its customers;

(p) unless otherwise agreed in writing with the Company, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the Internal Revenue Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Internal Revenue Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Internal Revenue Code. In addition, if a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Internal Revenue Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;

(q) warrant that you are not subscribing for the Ordinary Shares using a loan which would not have been given to you or any associate or not given to you on such favourable terms, if you had not been proposing to subscribe for the Ordinary Shares;

(r) warrant that the information contained in your Offer for Subscription Application Form is true and accurate; and

(s) agree that if you request that Ordinary Shares are issued to you on a date other than Admission and such Ordinary Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such Ordinary Shares on a different date.

7. Money laundering

(a) You agree that, in order to ensure compliance with the CDD Rules, the Receiving Agent may at its absolute discretion require, and you will provide, evidence which is satisfactory to it to establish your identity or that of any person on whose behalf you are acting and/or your status. Without prejudice to the generality of the foregoing such evidence may be required if you either:

(i) tender payment by way of banker's draft or cheque or money order drawn on an account in the name of another person or persons (in which case verification of your identity may be required); or

(ii) appear to the Receiving Agent to be acting on behalf of some other person (in which case verification of identify of any persons on whose behalf you appear to be acting may be required).

(b) Failure to provide the necessary evidence of identity (in a manner satisfactory to the Company and its agents, including in respect of the manner of its certification) may result in application(s) being rejected or delays in the authorisation of documents.

(c) Without prejudice to the generality of paragraph 7(a) above, verification of the identity of applicants may be required if the total subscription price of the Ordinary Shares applied for, whether in one or more applications, exceeds the US dollar or pounds sterling equivalent of €15,000. If in such circumstances, you use a building society cheque, banker's draft or money order, you should ensure that the bank or building society enters the name, address and account number of the person whose account is being debited on the reverse of the cheque, banker's draft or money order and add its stamp. If in such circumstances, you use a cheque drawn by a third party, you may be requested to provide a copy of your passport or driving licence certified by a solicitor and/or a recent original bank or building society statement or utility bill in your name and showing your current address (which originals will be returned by post at the applicant's risk).

(d) For Offer for Subscription Applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 3.00 p.m. on 16 October 2018. Please contact Computershare Investor Services PLC by email at OFSPaymentQueries@computershare.co.uk stating "BLUE OFS" and the Receiving Agent will provide applicants with a unique reference number which must be used when sending payment.

(e) The Receiving Agent cannot take responsibility for identifying payments without a unique reference nor where a payment has been received but without an accompanying Offer for Subscription Application Form.

(f) You should endeavour to have the certificate contained in Box 8 of the Offer for Subscription Application Form signed by an appropriate firm as described in that Box.

8. Overseas investors

The attention of investors who are not resident in, or who are not citizens of the United Kingdom is drawn to paragraphs 8(a) to 8(e) below:

(a) The offer of Ordinary Shares under the Offer for Subscription is only being made in the UK. Persons who are resident in, or citizens of, countries other than the United Kingdom (Overseas Investors) who wish to subscribe for Ordinary Shares under the Offer for Subscription may be affected by the law of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to subscribe for Ordinary Shares under the Offer for Subscription. It is the responsibility of all Overseas Investors receiving this Prospectus and/or wishing to subscribe for the Ordinary Shares under the Offer for Subscription, to satisfy themselves as to full observance of the laws of any relevant territory or jurisdiction in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities requiring to be observed and paying any issue, transfer or other taxes due in such territory.

(b) No person receiving a copy of this Prospectus in any territory other than the United Kingdom may treat the same as constituting an offer or invitation to him, unless in the relevant territory such an offer can lawfully be made to him without compliance with any further registration or other legal requirements.

(c) None of the Ordinary Shares have been or will be registered under the laws of any member state of the EEA (other than the United Kingdom), Australia, Canada, Japan or the Republic of South Africa or other political subdivision of any member state of the EEA (other than the United Kingdom), Australia, Canada, Japan, or the Republic of South Africa. Accordingly, unless an exemption under such Act or laws is applicable, the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, within any member state of the EEA (other than the United Kingdom), Australia, Canada, Japan or the Republic of South Africa (as the case may be). If you subscribe for Ordinary Shares you will, unless the Company agrees otherwise in writing, be deemed to represent and warrant to the Company that you are not a resident of any member state of the EEA (other than the United Kingdom), Australia, Canada, Japan or the Republic of South Africa or a corporation, partnership or other entity organised under the laws of any member state of the EEA (other than the United Kingdom), Australia or Canada (or any political subdivision of any of them), Japan or the Republic of South Africa and that you are not subscribing for such Ordinary Shares for the account of any resident

of any member state of the EEA (other than the United Kingdom), Australia, Canada, Japan, or the Republic of South Africa and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Ordinary Shares in or into any member state of the EEA (other than the United Kingdom), Australia, Canada, Japan or the Republic of South Africa or to any resident in any member state of the EEA (other than the United Kingdom), Australia, Canada, Japan or the Republic of South Africa. No application will be accepted if it shows the applicant, payor or a prospective holder having an address in any member state of the EEA (other than the United Kingdom), Australia, Canada, Japan or the Republic of South Africa.

(d) Persons (including, without limitation, nominees and trustees) receiving this Prospectus should not distribute or send it to any US person or in or into the United States, any member state of the EEA (other than the United Kingdom), Australia, Canada, Japan or the Republic of South Africa or their respective territories of possessions or any other jurisdictions where to do so would or might contravene local securities laws or regulations.

(e) The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares pursuant to the Offer for Subscription if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

DEFINITIONS

The following definitions apply throughout this Prospectus, unless the context requires otherwise:

"Administration Services Agreement"	the administration and secretarial services agreement between the Company, the Investment Manager and Administrator, a summary of which is set out in paragraph 9(a)(iii) of Part VIII of this Prospectus
"Administrator"	Maitland Administration Services Limited
"Admission"	the admission of the Ordinary Shares issued pursuant to the Issue to trading on the Main Market of the London Stock Exchange becoming effective in accordance with the LSE Admission Standards
"AIC"	the Association of Investment Companies
"AIC Code"	the AIC Code of Corporate Governance, as amended from time to time
"AIC Guide"	the AIC Corporate Governance Guide for Investment Companies, as amended from time to time
"AIF"	an Alternative Investment Fund, as defined in the AIFM Directive
"AIFM"	an Alternative Investment Fund Manager, as defined in the AIFM Directive
"AIFM Directive"	Directive 2011/61/EU on Alternative Investment Fund Managers
"AIFM Regulations"	the Alternative Investment Fund Managers Regulations 2013
"Articles"	the articles of association of the Company
"BAML"	Bank of America Merrill Lynch
"Benefit Plan Investor"	(i) an employee benefit plan that is subject to the fiduciary responsibility or prohibited transaction provisions of Title I of the ERISA (including, as applicable, assets of an insurance company general account) or a plan that is subject to the prohibited transaction provisions of section 4975 of the Internal Revenue Code (including an individual retirement account), (ii) an entity whose underlying assets include "plan assets" by reason of a plan's investment in the entity, or (iii) any "benefit plan investor" as otherwise defined in section 3(42) of ERISA or regulations promulgated by the US Department of Labor
"Blue Ocean Funds"	has the meaning given to it on page 98 of this Prospectus
"Board" or "Directors"	the directors of the Company whose names are set out on page 52 of this Prospectus
"Borrower"	has the meaning given to it on page 56 of this Prospectus
"Business Day"	a day on which the London Stock Exchange and banks in England and Wales are normally open for business
"C Shares"	Ordinary Shares of US$0.10 each in the capital of the Company issued as "C Shares" and having the rights and being subject to the restrictions set out in the Articles, which will convert into Ordinary Shares as set out in the Articles

"Companies Act"	the Companies Act 2006, as amended from time to time
"Company"	Blue Ocean Maritime Income plc
"CREST"	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations)
"CREST Account"	an account in the name of the relevant holder in CREST
"Custodian"	Sparkasse Bank Malta plc or any other custodian to whom the Depositary has delegated safe-keeping functions in accordance with the AIFM Directive
"CTA 2010"	Corporation Tax Act 2010
"Data Protection Legislation"	means any law applicable from time to time relating to the processing of personal data and/or privacy, as in force at the date of this Agreement or as re-enacted, applied, amended, superseded, repealed or consolidated, including without limitation, the UK Data Protection Act 2018, the General Data Protection Regulation (EU) 2016/679, and the Privacy and Electronic Communications (EC Directive) Regulations 2003, in each case including any legally binding regulations, direction and orders issued from time to time under or in connection with any such law
"Debt Assets"	has the meaning given to it on page 56 of this Prospectus
"Depositary"	INDOS Financial Limited
"Depositary Agreement"	the depositary agreement between the Company, the Investment Manager and the Depositary, a summary of which is set out in paragraph 9(a)(iv) of Part VIII of this Prospectus
"DTRs" or "Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules made by the FCA under Part VI of the FSMA
"EEA"	the states which comprise the European Economic Area
"EnTrustPermal"	the Investment Manager and entities controlled by it, or under common ownership or control with it from time to time, including the Investment Adviser
"ERISA"	the United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder
"Euroclear"	Euroclear UK and Ireland Limited, the operator of CREST
"Exchange Act"	the US Securities Exchange Act of 1934, as amended from time to time
"FATCA"	the U.S. Foreign Account Tax Compliance Act of 2010
"FCA"	the Financial Conduct Authority
"FSMA"	the Financial Services and Markets Act 2000, as amended from time to time
"GH Investment"	the direct subscription for 4 million Ordinary Shares by an entity controlled by Gregg Hymowitz, as described on page 118 of this Prospectus

"Gross Assets"	the aggregate value of the total assets of the Company
"Gross Issue Proceeds"	the aggregate value of the Ordinary Shares issued under the Issue at the Issue Price
"Governance Code"	the code of best practice including the principles of good governance published by the Financial Reporting Council in June 2008, as amended from time to time (as replaced by the UK Corporate Governance Code, from the date of its issue)
"HMRC"	HM Revenue and Customs
"IDC"	the FT Interactive Data Corporation
"IFRS"	International Financial Reporting Standards, as adopted by the European Union, as amended from time to time
"IMO"	the International Maritime Organization
"Internal Revenue Code"	the U.S. Internal Revenue Code of 1986, as amended
"Investment Adviser"	EnTrustPermal Partners Offshore L.P.
"Investment Advisers Act"	the US Investment Advisers Act of 1940, as amended from time to time
"Investment Advisory Agreement"	the investment advisory agreement between the Investment Manager and the Investment Adviser
"Investment Company Act" or "ICA"	the US Investment Company Act of 1940, as amended from time to time
"Investment Manager"	EnTrustPermal Ltd.
"Investment Manager Clients"	has the meaning given to it on page 101 of this Prospectus
"Investment Manager Group Investments"	has the meaning given on page 118 of this Prospectus
"Investment Management Agreement"	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 9(a)(ii) of Part VIII of this Prospectus
"Investment Trust Regulations"	the Investment Trust (Approved Company) (Tax) Regulations 2011
"IRS"	the US Internal Revenue Service
"Issue"	the Placing and the Offer for Subscription (which shall include the Investment Manager Group Investments)
"Issue Price"	US$1.00 per Ordinary Share
"JPMC", "J.P. Morgan Cazenove" or "Sole Bookrunner"	J.P. Morgan Securities plc
"Key Information Document"	the Company's "Key Information Document", such term having the same meaning as in the PRIIPs Regulation, prepared in respect of the Ordinary Shares
"Listing Rules"	the Listing Rules made by the FCA under Part VI of the FSMA, as amended from time to time

"London Stock Exchange"	London Stock Exchange plc
"Management Fee"	the fee payable by the Company to the Investment Manager, as described in Part V of this Prospectus
"Management Shares"	redeemable management shares of £1.00 each in the capital of the Company
"Market Abuse Regulation" or "MAR"	the Market Abuse Regulation (596/2014/EU), or any equivalent or similar legislation implemented in the United Kingdom following the United Kingdom's withdrawal from the European Union
"MARPOL"	the International Convention for the Prevention of Pollution from Ships, 1973, as amended
"Minimum Gross Proceeds"	US$125 million, being the total amount to be raised by the Issue before the deduction of the Issue commissions and the other fees and expenses payable by the Company which are related to the Issue
"Minimum Net Proceeds"	US$122.5 million, being the net proceeds raised by the Issue taking into account (i) the Minimum Gross Proceeds being raised pursuant to the Issue; and (ii) the costs of the Issue being 2 per cent. of the Gross Issue Proceeds (being the maximum costs to be borne by the Company pursuant to the Issue)
"Money Laundering Regulations"	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
"MSI"	Maritime Strategies International
"Net Asset Value" or "NAV"	total assets of the Company less total liabilities of the Company or, if the context requires, such value attributable to a specific class of Shares, in each case calculated in accordance with the valuation policies of the Company from time to time as appropriate
"Net Asset Value per C Share"	the Net Asset Value specifically attributable to the C Shares (if any, divided by the number of C Shares then in issue)
"Net Asset Value per Ordinary Share"	the Net Asset Value not specifically attributable to any other class of Share divided by the number of Ordinary Shares then in issue (excluding Ordinary Shares held in treasury)
"Net Issue Proceeds"	the net issue proceeds of the Issue, estimated at US$122.5 million in aggregate (assuming Gross Issue Proceeds of US$125 million and the costs and expenses of the Issue being equal to 2 per cent. of the Gross Issue Proceeds)
"NURS"	a non-UCITS retail scheme, which is an authorised fund which is neither a UCITS nor a qualified investor scheme
"Offer for Subscription"	the offer for subscription to the public in the UK of Ordinary Shares, to be issued at the Issue Price, each on the terms and conditions set out in Part X of this Prospectus
"Offer for Subscription Applicant"	means a person or persons (in the case of joint applicants) whose name(s) appear(s) on the registration details of an Offer for Subscription Application Form
"Offer for Subscription Application"	means the offer made by an Offer for Subscription Applicant by completing an Offer for Subscription Application Form and posting

	(or delivering by hand during normal business hours only) it to the Receiving Agent
"Offer for Subscription Application Form"	means the application form in connection with the Offer for Subscription which is set out at the end of this Prospectus
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	Ordinary Shares (issued and to be issued) of US$0.01 each in the share capital of the Company
"Other Investments"	has the meaning given to it on page 56 of this Prospectus
"Other Manager Investment Funds"	has the meaning given to it on page 56 of this Prospectus
"Placee"	a person subscribing for Ordinary Shares under the Placing
"Placing"	the conditional placing by JPMC on behalf of the Company of Ordinary Shares at the Issue Price closing on 18 October 2018 pursuant to the Placing Agreement
"Placing Agreement"	the Placing Agreement between the Company, the Directors, the Investment Manager and JPMC, as described in paragraph 9(a)(i) of Part VIII of this Prospectus
"Plan Asset Regulations"	the US Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by section 3(42) of ERISA
"Portfolio Investment"	a Debt Asset or Other Investment described the Section headed "Investment Policy" in Part I of this Prospectus
"PRIIPs Regulation"	Regulation (EU) No. 1286/2014 on key information documents for packaged retail and insurance-based investment products
"Prospectus"	this Prospectus, including the Appendices
"Prospectus Directive"	Directive 2010/73/EU as amended from time to time and any successor or replacement Directive
"Prospectus Rules"	the Prospectus Rules made by the FCA under Part VI of the FSMA
"Receiving Agent"	Computershare Investor Services PLC
"Receiving Agent Services Agreement"	the receiving agent services agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 9(a)(vi) of Part VIII of this Prospectus
"Registrar"	Computershare Investor Services PLC
"Registrar Agreement"	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 9(a)(v) of Part VIII of this Prospectus
"Regulation S"	means Regulation S under the Securities Act
"Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
"RIS announcement"	means an announcement through a service authorised by the UKLA to release regulatory announcements to the London Stock Exchange

"Securities Act"	the US Securities Act of 1933, as amended
"Shareholder"	a holder of Ordinary Shares in the Company
"shares"	transferable securities
"Similar Law"	any US federal, state, local or foreign law that is similar to provision 406 of ERISA or section 4975 of the Internal Revenue Code
"Specialist Fund Segment"	the Specialist Fund Segment of the London Stock Exchange's Main Market
"SPV"	special purpose vehicle
"Takeover Code"	the City Code on Takeovers and Mergers
"Target Dividend"	has the meaning given to it on page 58 of this Prospectus
"Target NAV Total Return"	has the meaning given to it on page 58 of this Prospectus
"Third Party Valuer "	an entity appointed by the Investment Manager pursuant to a third party valuer agreement to assist the Investment Manager in its determination of the value of any relevant Portfolio Investment
"UCITS"	a fund authorised in accordance with the UCITS Directive
"UCITS Directive"	Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority"	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
"US" or "United States"	the United States of America (including the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction
"US Person"	a "US Person" as defined in Regulation S of the Securities Act
"US Treasury Regulations"	the US Department of Treasury Regulations
"Valuation Policy"	has the meaning given to it on page 106 of this Prospectus
"VAT"	UK Value Added Tax

APPENDIX 1

SUPPLEMENT TO THE PROSPECTUS OF BLUE OCEAN MARITIME INCOME PLC FOR OFFERINGS IN OR TO PERSONS DOMICILED OR REGISTERED IN THE EUROPEAN ECONOMIC AREA 17 SEPTEMBER 2018

This supplement (the "**Supplement**") for offerings in or to persons domiciled or registered in the European Economic Area (the "**EEA**") hereby supplements the prospectus dated 17 September 2018 as may be amended or supplemented from time to time (the "**Prospectus**") for Blue Ocean Maritime Income plc (the "**Company**") for the purposes described below. This Supplement is not a complete summary of, should be read in conjunction with and is qualified in its entirety by, the Prospectus, the articles of association of the Company and the investment management agreement between the Company and EnTrustPermal Ltd. (the "**Investment Manager**") relating thereto and related documentation.

This Supplement is being provided to certain prospective investors as an information-only document for the purpose of providing certain summary information about an investment in the Company as required pursuant to Articles 23(1), 23(2), 23(4) and 23(5) of Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers and its implementing measures (the "**AIFMD**").

This Supplement does not update any information except as specifically described herein. Capitalised terms, unless otherwise defined herein, are used as defined in the Prospectus.

AIFMD DISCLOSURE

In accordance with the AIFMD, the AIFM must disclose certain prescribed information to prospective investors because it is intended that the Prospectus is to be used to market ordinary shares in the Capital of the Company to professional investors in Member States of the EEA in accordance with Articles 31 and 32 of the AIFMD. The following table indicates where the required information is located within the Prospectus or sets out the required information, to the extent applicable.

Article	*Disclosure Requirement*	*Disclosure*
23(1)(A)	**INVESTMENT STRATEGY**	
1	Description of the investment strategy and objectives of the Company	Please refer to the sections titled "Investment Objective" and "Investment Policy" in Part I of the Prospectus. The "Counterparty selection and loan management" section in Part III of the Prospectus describes the investment strategy of the Company.
2	Description of the types of assets in which the Company may invest	Please refer to the section titled "Investment Policy" in Part I of the Prospectus.
3	Techniques the Company may employ	Please refer to the section titled Investment Policy in Part I of the Prospectus.

Article	*Disclosure Requirement*	*Disclosure*
4	Risks associated with those types of assets and those techniques	Please refer to the "Risk Factors" section of the Prospectus, in particular the sub-sections titled "Risks relating to the Company's investment in Debt Assets and Other Investments", "Risks relating to the maritime and shipping industry" and "Risks affecting the Business of Borrowers".
5	Applicable investment restrictions	Please refer to the sections titled "Investment Restrictions" and "FCA requirements" in Part I of the Prospectus.
6 **a.**	Use of leverage Circumstances in which the Company may employ leverage	Please refer to the section titled "leverage and borrowing limits" in Part I of the Prospectus.
b.	Types and sources of leverage permitted	There are no restrictions on the type or source of leverage that the Company is permitted to incur.
c.	All risks associated with the use of leverage	Please refer to the "Risk Factors" section of the Prospectus for a description of the risks associated with the Company's use of leverage, and in particular, the paragraph titled "The Company may borrow in connection with its investment activities which subjects it to interest rate risk and additional losses when the value of its investment falls".
d.	Any restrictions on the use of leverage and any collateral and asset reuse arrangements	Please refer to the section titled "leverage and borrowing limits" in Part I of the Prospectus for the restrictions on the use of leverage. The Depositary may lend assets held by it or on its behalf ("**Custody Assets**"), or deposit Custody Assets as collateral in accordance with the instructions of the Investment Manager, but neither the Depositary nor any third party to whom the Depositary may delegate custody shall otherwise be entitled to use or re-use Custody Assets.
e.	Maximum level of leverage which the Investment Manager is entitled to employ on behalf of the Company	The Company may incur indebtedness of up to a maximum of 20 per cent. of its Net Asset Value, calculated at the time of drawdown, for investment and for working capital purposes. The maximum leverage of the Company calculated in accordance with both the gross method (under Article 7 of Commission Delegated Regulation No. 231/2013 (the "**AIFMD Regulation**")) and the commitment method (under Article 8 of the AIFMD Regulation) is 120 per cent.
23(1)(B)	**CHANGE OF INVESTMENT STRATEGIES OR INVESTMENT POLICY**	
	Description of the procedures by which the Company may change its investment strategies or investment policy, or both	Any material change to the investment policy of the Company will be made only with the approval of Shareholders by ordinary resolution in accordance with the provisions of the Listing Rules with which the Company has undertaken to voluntarily comply. Any change to the investment policy or investment restrictions which does not amount to a material change to the investment policy may be made by the Company without the approval of Shareholders.

Article	*Disclosure Requirement*	*Disclosure*
23(1)(C)	**CONTRACTUAL RELATIONSHIPS**	
	Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, on the applicable law and on the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the Company is established	The Company was established under the laws of England and Wales with its registered office at Springfield Lodge, Colchester Road, Chelmsford Essex CM2 5PW. An investor in the Company will acquire Ordinary Shares in the Company and accordingly, any disputes between an investor and the Company will be resolved by the courts of England and Wales in accordance with English law and having regard to the Company's Articles of Association which constitute an agreement between the Company and its Shareholders. A Shareholder shall have no direct legal or beneficial interest in the assets of the Company. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the shares held by them. Under English law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of association; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims; and derivative actions. In the event that a Shareholder considers that it may have a claim against the Company in connection with its investment in the Company, such Shareholder should consult its own legal advisers. Regulation (EC) 593/2008 ("**Rome I**") must be applied in all member states of the European Union (other than Denmark). Accordingly, where a matter comes before the courts of the relevant member state, the choice of governing law in any given agreement is subject to the provisions of Rome I. Under Rome I, the member state's court may apply any rule of that member state's own law which is mandatory irrespective of the governing law and may refuse to apply a rule of governing law if it is manifestly incompatible with the public policy of that member state. Further, where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that country which cannot be derogated from by agreement. The United Kingdom is party to the following instruments which provide for the recognition and enforcement of foreign judgements in England and Wales: ● Regulation (EC) 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the Brussels Regulation) ● Lugano Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters 2007 (the new Lugano Convention) ● Regulation (EC) 805/2004 creating a European Enforcement Order for uncontested claims (the European Enforcement Order Regulation) ● the Administration of Justice Act 1920; and ● the Foreign Judgements (Reciprocal Enforcement) Act 1933.

Article	*Disclosure Requirement*	*Disclosure*
		Accordingly if an investor were to seek to have an order of a foreign court recognised or enforced in the courts of England and Wales, it is likely that the United Kingdom will have arrangements in place under one of the instruments noted above. Investors should note, however, that there is no instrument in place for the recognition and enforcement of judgements between the United Kingdom and the US and accordingly, if an investor were to seek to have an order of a US court (irrespective of the state in which the order was obtained) recognised or enforced in the courts of England and Wales, the investor would need to rely on the laws of England and Wales and may therefore find it difficult in practice to enforce a judgement obtained in the US in England and Wales.
23(1)(D)	**SERVICE PROVIDERS**	
1	Identity of the Investment Manager, the Company's depositary, auditor and other service providers	The identity of the Investment Manager is set out in Part III of the Prospectus and the identity of the Depositary, the anticipated auditor and other service providers of the Company are set out in the section of the Prospectus titled "Directors, Investment Manager and Advisers".
2	Description of the duties of each of those service providers	The duties of the Company's service providers are set out in Part VIII of the Prospectus and the agreements entered into with each of these service providers are described in more detail in paragraph 9, "Material contracts and related party transactions" of Part VIII of the Prospectus. The duties of the Investment Manager are set out in Part III of the Prospectus and the Investment Management Agreement is described in more detail in paragraph 9(a)(ii), "Material contracts and related party transactions" of Part VIII of the Prospectus. The duties of JPMC are set out in Part VI of the Prospectus and the Placing Agreement are described in more detail in paragraph 9(a)(i), "Material contracts and related party transactions" of Part VIII of the Prospectus.
3	Description of the investors' rights in respect of those service providers	Without prejudice to any potential right of action in common law that a Shareholder may have to bring a claim against a service provider to the Company, each Shareholder's contractual relationship in respect of its investment in Ordinary Shares in the Company is with the Company only. Therefore, no Shareholder will have any contractual claim against any service provider with respect of such service provider's default pursuant to the terms of the agreement that it has entered into with the Company. The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 13D of the Financial Services and Markets Act 2000 (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 13D of the Financial Services and Markets Act 2000, or in tort, against any service provider in connection with their investment in the Company should consult their legal adviser.

Article	*Disclosure Requirement*	*Disclosure*
23(1)(E)	**PROFESSIONAL INDEMNITY LIABILITY**	
	Description of how the Investment Manager covers professional liability risks	The Investment Management Agreement imposes certain minimum levels of professional indemnity cover which must be maintained by the Investment Manager during the term of the Investment Management Agreement. Compliance by the Investment Manager with the terms of the Investment Management Agreement will ensure that it complies with its obligations under Article 9(7) of the AIFMD to maintain professional indemnity insurance to cover liability arising from professional negligence.
23(1)(F) 23(2)	**DELEGATIONS**	
23(1)(F)	Description of any delegated management functions as referred to in Annex I of the AIFMD by the Investment Manager and of any safekeeping function delegated by the Depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations	In accordance with Article 20 of the AIFMD, the Investment Manager has delegated discretionary portfolio management authority in respect of the Company to the Investment Adviser. Notwithstanding the foregoing, all activities engaged in under the provisions of the Investment Management Agreement by the Investment Manager or any of its delegates (including the Investment Adviser) on behalf of the Company shall at all times be subject to the overall policies, supervision and review of the Board. The Investment Manager's conflicts of interest policy is described in the paragraphs headed "The services of EnTrustPermal are not exclusive to the Company and conflict of interest situations may arise" in the "Risk Factors" section of the Prospectus. The Depositary has delegated its obligations in respect of the safe keeping of the Company's investments to Sparkasse Bank Malta plc.
23(2)	A description of any arrangement made by the depositary to contractually discharge itself of liability	The Depositary Agreement contains customary indemnities given by the Company in favour of the Depositary. The Depositary has entered into an arrangement with the Custodian to contractually discharge itself of liability in accordance with Articles 21(3) and 21(14) of the AIFMD.
23(1)(G)	**VALUATIONS**	
	Description of the Company's valuation procedure and of the pricing methodology for valuing assets, including methods used to value hard-to-value assets	Please refer to the paragraph titled "Net Asset Value calculation and publication" in Part IV of the Prospectus. All assets of the Company will be valued in accordance with the methods set out in the Prospectus. The Company's accounts and the annual report will be drawn up in US dollars and in accordance with IFRS.
23(1)(H)	**LIQUIDITY RISK MANAGEMENT**	
1	Description of the Company's liquidity risk management, including redemption rights both in normal and exceptional circumstances and the existing redemption arrangements with investors	There are no redemption rights for Shareholders since the Company is closed-ended. In addition, although the Company has no fixed life, pursuant to the Articles an ordinary resolution for the continuation of the Company will be proposed at the first annual general meeting of the Company to be held following the fifth anniversary of Admission and, if passed, every three years thereafter. Upon any such resolution not being passed, proposals will be put forward

Article	*Disclosure Requirement*	*Disclosure*
		by the Directors to the effect that the Company be wound up, liquidated, reconstructed or unitised. Liquidity risk is therefore the risk that a position held by the Company cannot be realised at a reasonable value sufficiently quickly to meet the obligations (primarily, debt) of the Company as they fall due. In managing the Company's assets, the Investment Manager will seek to ensure that the Company holds at all times a portfolio of assets (including cash) to enable the Company to discharge its payment obligations. The Company may also maintain a short-term overdraft facility that it may utilise from time to time for short-term liquidity purposes.
23(1)(I)	**FEES AND EXPENSES**	
	Description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by investors	Please refer to the section entitled "Fees and Expenses" in Part V of the Prospectus. Since all such fees and expenses will be borne by the Company (subject to a cap of 2 per cent. of the Gross Issue Proceeds (being the maximum costs to be borne by the Company pursuant to the Issue)), they will be borne indirectly by investors. It is estimated that the fees payable by the Company in connection with the Issue will not exceed US$2.5 million, assuming Gross Issue Proceeds are US$125 million. No fees or expenses of the Company will be directly borne by the investors. Given that the amount of the fees payable by the Company following Admission are irregular in their nature, the maximum amount of fees, charges and expenses that Shareholders will bear in relation to their investment cannot be disclosed in advance.
23(1)(J)	**FAIR TREATMENT OF INVESTORS**	
	Description of how the Investment Manager ensures a fair treatment of investors and a description of any preferential treatment, the type of investors who obtain such preferential treatment and, where relevant, their legal or economic links with the Investment Manager	The Company voluntarily complies with the provisions of the Listing Rules which require the Company to treat all Shareholders of a given class equally. Other than as disclosed in the Prospectus, the Investment Manager: ● will treat investors fairly; ● will not allow any investor to obtain preferential treatment; and ● has not entered into any agreement to allow any investor to be treated preferentially.
23(1)(K)	**ANNUAL REPORTS**	
	The latest annual report of the Company	The Company is newly incorporated and has not yet prepared its first annual report. When published, annual reports of the Company can be found on the Company's website: www.blueoceanplc.com.

Article	*Disclosure Requirement*	*Disclosure*
23(1)(L)	**TERMS AND CONDITIONS**	
	The procedure and conditions for the issue and sale of interests in the Company	The Shares will be offered by way of a Placing and Offer for Subscription. The procedure for the Issue is set out in Part VI of the Prospectus The terms and conditions of the Placing are set out in Part IX of the Prospectus. The terms and conditions of the Offer for Subscription are set out in Part X of the Prospectus. The procedures for conditions applying to any further issue of Ordinary Shares will be set out in a prospectus or RIS announcement at the time any relevant offer is made. Certain restrictions on the sale and transfer of the Ordinary Shares are described in Part VI of the Prospectus under the paragraph titled "Purchase and Transfer Restrictions".
23(1)(M)	**NET ASSET VALUE**	
	The latest net asset value of the Company, or the latest market price of the interests of the Company	The Net Asset Value is not available as the Company is newly incorporated. When published, Net Asset Value announcements of the Company can be found on the Company's website: www.blueoceanplc.com.
23(1)(N)	**HISTORICAL PERFORMANCE**	
	Where available, the historical performance of the Company	No historic performance is available as the Company is newly incorporated. When published, annual and interim financial statements of the Company can be found on the Company's website: www.blueoceanplc.com.
23(1)(O)	**PRIME BROKERS**	
1	The identity of the prime broker and a description of any material arrangements of the Company with its prime brokers	Not applicable, the Company has not appointed any prime broker.
2	The way conflicts of interest in relation to any prime brokers are managed	Not applicable, the Company has not appointed any prime broker.
3	The provision in the contract with the depositary on the possibility of transfer and reuse of Company assets	Not applicable, the Company has not appointed any prime broker.
4	Information relating to any transfer of liability to the prime broker that may exist	Not applicable, the Company has not appointed any prime broker.

Article	*Disclosure Requirement*	*Disclosure*
23(1)(P)	**PERIODIC DISCLOSURES**	
	Description of how and when the information required to be disclosed periodically to investors under articles 23(4) and 23(5) (so far as relevant, leverage and risk profile) of the AIFMD will be disclosed	The Investment Manager is required to disclose periodically to investors: 1. the percentage of the Company's assets that are subject to special arrangements arising from their illiquid nature; 2. any new arrangements for managing the liquidity of the Company; and 3. the current risk profile of the Company and the risk management systems employed by the Investment Manager to manage those risks. The information shall be disclosed as part of the Company's periodic reporting to investors, as required as an issuer of listed securities on the Specialist Fund Segment, or at the same time as the Prospectus and, at a minimum, at the same time as the Company's annual report is made available. The Investment Manager must disclose on a regular basis: 1. any changes to: a. the maximum level of leverage that the Investment Manager may employ on behalf of the Company; b. any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and 2. the total amount of leverage employed by the Company. Information on changes to the maximum level of leverage and any right of reuse of collateral or any guarantee under the leveraging arrangements shall be provided without undue delay. Information on the total amount of leverage employed by the Company shall be disclosed as part of the Company's periodic reporting to investors, as required as an issuer of listed securities on the Specialist Fund Segment, or at the same time as the Prospectus and at least at the same time as the annual report is made available to investors. Without limitation to the generality of the foregoing, any of the information specified above may be disclosed: 1. in the Company's annual report; 2. in the Company's unaudited interim report; 3. by the issue of an announcement via a regulatory information service (or equivalent); or 4. by the publication of the relevant information on the Company website.

APPENDIX 2

OFFER FOR SUBSCRIPTION APPLICATION FORM

If you wish to apply for Ordinary Shares, please complete, sign and return this Application Form, by post Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS99 6AH or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received by no later than 3.00 p.m on 16 October 2018.

IMPORTANT: Before completing this Application Form, you should read the notes set out under the section entitled "Notes on how to complete the Application Form" at the back of this Application Form. All applicants must complete Boxes 1 to 3. Joint applicants should also complete Box 4.

If you have a query concerning completion of this Application Form, please call Computershare on 0370 707 1227 from within the UK or +44 0370 707 1227 if calling from outside the UK. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded or randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of an investment in the Ordinary Shares nor give any financial, legal or tax advice.

To: The Directors,

Blue Ocean Maritime Income plc (the **Company**)

1. APPLICATION

I/We the person(s) detailed in section 2A below offer to subscribe the amount shown in Box 1 for Ordinary Shares subject to the Terms and Conditions of Application under the Offer for Subscription set out in the Prospectus dated 17 September 2018 and subject to the articles of association of the Company in force from time-to-time.

Box 1 (minimum of US$1,000) and in multiples of US$1,000 thereafter (or equivalent amount in pounds sterling if payment is to be made by cheque in pounds sterling)

2A. DETAILS OF HOLDER(S) IN WHOSE NAME(S) ORDINARY SHARES WILL BE ISSUED

(BLOCK CAPITALS)

1:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
Postcode		Designation (if any):
2	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
Postcode		Designation (if any):

3	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
Postcode		Designation (if any):
4	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
Postcode		Designation (if any):

2B. CREST ACCOUNT DETAILS INTO WHICH ORDINARY SHARES ARE TO BE DEPOSITED (IF APPLICABLE)

Only complete this section if Ordinary Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in Section 2A.

(BLOCK CAPITALS)

CREST Participant ID: ☐☐☐☐☐

CREST Member Account ID: ☐☐☐☐☐☐☐☐

3. SIGNATURE(S): ALL HOLDERS MUST SIGN

By completing box 3 below you are deemed to have read the Prospectus and agreed to the terms and conditions in Part X of the Prospectus (Terms and Conditions of Application under the Offer for Subscription) and to have given the warranties, representations and undertakings set out therein.

First Applicant Signature:	Date:
Second Applicant Signature:	Date:
Third Applicant Signature:	Date:
Fourth Applicant Signature:	Date:

Execution by a Company

Executed by (Name of Company):		Date:
Name of Director:	Signature:	Date:
Name of Director/Secretary:	Signature:	Date:
If you are affixing a company seal, please mark a cross: ☐	Affix Company Seal here:	

4. SETTLEMENT

Please tick the relevant box confirming your method of payment

4A. US DOLLAR CHEQUES/BANKER'S DRAFT ☐

If you are subscribing for Ordinary Shares and paying by cheque or banker's draft, pin or staple to this form your cheque or banker's draft for the number of Ordinary Shares shown in Box 1 made payable to "CIS PLC re Blue Ocean Maritime Income Plc OFS a/c" and crossed "A/C payee only". Cheques and banker's payments must be drawn in US Dollars on an account at a bank branch in the United Kingdom and must bear a United Kingdom bank sort code number in the top right hand corner. If you use a banker's draft or a building society cheque you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the banker's draft or cheque and adds its stamp.

4B. POUNDS STERLING CHEQUES/BANKER'S DRAFT ☐

If you are subscribing for Ordinary Shares and paying by cheque or banker's draft, pin or staple to this form your cheque or banker's draft for the number of Ordinary Shares shown in Box 1 made payable to "CIS PLC re Blue Ocean Maritime Income Plc OFS GBP a/c" and crossed "A/C payee only". Cheques and banker's payments must be drawn in pounds sterling on an account at a bank branch in the United Kingdom and must bear a United Kingdom bank sort code number in the top right hand corner. If you use a banker's draft or a building society cheque you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the banker's draft or cheque and adds its stamp.

4C. ELECTRONIC BANK TRANSFER ☐

If you are subscribing for Ordinary Shares and sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 3.00 p.m. on 16 October 2018. Please contact Computershare Investor Services PLC stating BLUE OFS by email at OFSpaymentqueries@computershare.co.uk for full bank details. You will be provided with a unique reference number which must be used when making the payment.

Please enter below the sort code of the bank and branch you will be instructing to make such payment for value by 3.00 p.m. on 16 October 2018, together with the name and number of the account to be debited with such payment and the branch contact details.

Sort Code:	Account Number:
Account Name:	Bank Name and Address:

4D. SETTLEMENT BY DELIVERY VERSUS. PAYMENT (DVP) ☐

Only complete this section if you choose to settle your application within CREST, that is delivery versus payment (DVP).

Please indicate the CREST Participant ID from which the DEL message will be received by the Receiving Agent for matching, which should match that shown in 2B above, together with the relevant Member Account ID.

(BLOCK CAPITALS)

CREST Participant ID:								
CREST Member Account ID:								

You or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of Ordinary Shares to be made against payment at the Issue Price per New Share, following the CREST matching criteria set below:

Trade Date:	19 October 2018
Settlement Date:	23 October 2018
Company:	Blue Ocean Maritime Income plc
Security Description:	Ordinary Shares
SEDOL:	BFMN409
ISIN:	GB00BFMN4099

Should you wish to settle DVP, you will need to match your instructions to Computershare's Participant account RA63 by no later than 1.00 p.m. on 22 October 2018.

You must also ensure that you or your settlement agent/custodian have a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/their own daily trading and settlement requirements.

5. RELIABLE INTRODUCER DECLARATION

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 6 of this form.

The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the "**firm**") which is itself subject in its own country to operation of 'know your customer' and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom.

DECLARATION:

To the Company and the Receiving Agent

With reference to the holder(s) detailed in section 2A, all persons signing at section 3 and the payor identified in section 6 if not also a holder (collectively the "**subjects**") WE HEREBY DECLARE:

1. we operate in the United Kingdom, or in a country where money laundering regulations under the laws of that country are, to the best of our knowledge, no less stringent than those which prevail in the United Kingdom and our firm is subject to such regulations;
2. we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
3. each of the subjects is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
4. we confirm the accuracy of the names and residential business address(es) of the holder(s) given at section 2A and if a CREST Account is cited at section 2B that the owner thereof is named in section 2A;
5. having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the Ordinary Shares mentioned; and
6. where the payor and holder(s) are different persons we are satisfied as to the relationship between them and reason for the payor being different to the holder(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of this firm or its officials.

Signed:	Name:	Position:

Name of regulatory authority:	Firm's licence number:

Website address or telephone number of regulatory authority:
STAMP of firm giving full name and business address:

6. IDENTITY INFORMATION

If the declaration in section 5 cannot be signed and the value of your application is greater than €15,000 (or the US dollar or pounds sterling equivalent), please enclose with that Application Form the documents mentioned below, as appropriate. Please also tick the relevant box to indicate which documents you have enclosed, all of which will be returned by the Receiving Agent to the first named Applicant.

Holders				Payor

Tick here for documents provided

In accordance with internationally recognised standards for the prevention of money laundering, the documents and information set out below must be provided:

A. For each holder being an individual enclose:

(1) an original or a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport – Government or Armed Forces identity card – driving licence; and

(2) an original or certified copies of at least two of the following documents no more than 3 months old which purport to confirm that the address given in section 2A is that person's residential address: a recent gas, electricity, water or telephone (not mobile) bill – a recent bank statement – a council rates bill – or similar document issued by a recognised authority; and

(3) if none of the above documents show their date and place of birth, enclose a note of such information; and

(4) details of the name and address of their personal bankers from which the Receiving Agent may request a reference, if necessary.

B. For each holder being a company (a "holder company") enclose:

(1) a certified copy of the certificate of incorporation of the holder company; and

(2) the name and address of the holder company's principal bankers from which the Receiving Agent may request a reference, if necessary; and

(3) a statement as to the nature of the holder company's business, signed by a director; and

(4) a list of the names and residential addresses of each director of the holder company; and

(5) for each director provide documents and information similar to that mentioned in A above; and

(6) a copy of the authorised signatory list for the holder company; and

(7) a list of the names and residential/registered address of each ultimate beneficial owner interested in more than 5 per cent. of the issued share capital of the holder company and, where a person is named, also complete C below and, if another company is named (hereinafter a "**beneficiary company**"), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.

C. For each person named in B(7) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(1) to (4).

D. For each beneficiary company named in B(7) as a beneficial owner of a holder company enclose:

(1) a certified copy of the certificate of incorporation of that beneficiary company; and

(2) a statement as to the nature of that beneficiary company's business signed by a director; and

(3) the name and address of that beneficiary company's principal bankers from which the Receiving Agent may request a reference, if necessary; and

(4) a list of the names and residential/registered address of each beneficial owner owning more than 5 per cent. of the issued share capital of that beneficiary company.

E. If the payor is not a holder and is not a bank providing its own cheque or banker's payment on the reverse of which is shown details of the account being debited with such payment (see note 5 on how to complete this form) enclose:

(1) if the payor is a person, for that person the documents mentioned in A(1) to (4); or

(2) if the payor is a company, for that company the documents mentioned in B(1) to (7); and

(3) an explanation of the relationship between the payor and the holder(s).

The Receiving Agent reserves the right to ask for additional documents and information.

7. CONTACT DETAILS

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Receiving Agent may contact with all enquiries concerning this application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are provided here but a regulated person is identified in section 5, the Receiving Agent will contact the regulated person. If no details are entered here and no regulated person is named in section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact name:	E-mail address:
Contact address:	
	Postcode:
Telephone No:	Fax No:

Notes on how to complete the Application Form

Applications should be returned so as to be received no later than 3.00 p.m. on 16 October 2018.

If you have a query concerning completion of this Application Form, please call Computershare on 0370 707 1227 from within the UK or +44 0370 707 1227 if calling from outside the UK. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. The helpline cannot provide advice on the merits of an investment in the Ordinary Shares nor give any financial, legal or tax advice.

1. Application

Fill in (in figures) Box 1 with the amount of Ordinary Shares you wish to subscribe for at the Issue Price being US$1.00 per Ordinary Share. The number being subscribed must be for a minimum of US$1,000.00 and thereafter in multiples of US$1,000.00. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom the application is made in order to be treated most favourably in the scaling back process should this be required.

2A. ***Personal Details***

Fill in (in block capitals) the full name(s) and address of each holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference and the address given for the first names will be entered as the registered address for the holding on the share register and used for all future correspondence. A maximum of four joint holders is permitted. All holders named must sign the Application Form in Boxes 3.

2B***. CREST***

If you wish your Ordinary Shares to be deposited in a CREST Account in the name of the holders given in section 2A enter in section 2B the details of that CREST Account. Where it is requested that Ordinary Shares be deposited into a CREST Account please note that payment for such Ordinary Shares must be made prior to the day such Ordinary Shares might be allotted and issued. It is not possible for an applicant to request that Ordinary Shares be deposited in their CREST Account on an against payment basis. Any Application Form received containing such a request will be rejected.

3. Signature

All holders named in Boxes 2A must sign Boxes 3 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

4. Settlement

(a) ***Electronic Bank Transfer***

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 3.00 p.m. on 16 October 2018. Applicants wishing to make a CHAPS payment should contact Computershare stating BLUE OFS by email at paymentqueries@computershare.co.uk for full bank details. Applicants will be provided with a unique reference number which must be used when making the payment.

(b) ***Cheque/Bankers Draft for Sterling Subscriptions***

Cheque applications can be made in pounds sterling with the minimum application amount of $1,000, being equivalent to £765.10 per Ordinary Share as at the date of the Prospectus.[7] Following the close of the Offer for Subscription the pounds sterling subscription amount will be converted to US dollars. The conversion of pounds sterling to US dollars will be based on an exchange rate obtained by the Receiving Agent on the day after the close of the Offer for Subscription. The actual amount of subscription funds available following the conversion will depend on the exchange rate prevailing on the day (after the deduction of any transaction or dealing costs associated with the conversion). Applications in pounds sterling are made at Offer for Subscription Applicants' own risk with respect to the GBP:USD exchange rate and the number of shares that will be subscribed for following the conversion. If Offer for Subscription Applicants wish to receive a certain, fixed number of shares, they should make their Offer for Subscription Applications in US dollars.

(c) ***Cheque/Banker's Draft for US dollar subscriptions***

All payments by cheque or banker's draft must accompany your Application Form and be for the exact amount inserted in Box 1 of your Application Form. Applications accompanied by a post-dated cheque will not be accepted. Your payment must relate solely to the application made in the Application Form. No receipt will be issued. Your cheque or banker's draft must be made payable to CIS PLC re "Blue Ocean Maritime Income Plc OFS a/c" in respect of an application and crossed "A/C Payee Only". The cheque or banker's draft must be drawn in US dollars on an account at a bank branch in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided by any of those companies or committees, and must bear a United Kingdom bank sort code number in the top right hand corner. If you use a banker's draft or a building society cheque you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the banker's draft or cheque and adds its stamp. Cheques should be drawn on the personal account to which you have sole or joint title to the funds. Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the bank or building society has confirmed the name of the account holder by stamping and endorsing the cheque to such effect.

Cheques or banker's drafts in pounds sterling should be made payable to "CIS PLC re: Blue Ocean Maritime Income plc OFS GBP a/c" and crossed "A/C/ payee. Cheques should be posted to Computershare Investor Services PLC at Corporate Actions Projects, Bristol, BS99 6AH or delivered by hand (during normal business hours) to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS13 8AE. It is recommended that cheques are sent so as to be received by the Receiving Agent no later than 3 Business Days prior to the close of the Offer for Subscription to ensure that cleared funds are received by no later than 3.00 p.m. on 16 October 2018.

(d) ***CREST Settlement***

The Company will apply for the Ordinary Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from Admission (the "Settlement Date"). Accordingly, settlement of transactions in the Ordinary Shares will normally take place within the CREST system.

The Application Form contains details of the information which Computershare will require from you in order to settle your application within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for Computershare to match to your CREST account, Computershare will deliver your Ordinary Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your Ordinary Shares in certificated form should the Company, having consulted with Computershare, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by Computershare in connection with CREST.

7 Based on a USD:GBP exchange obtained from the Financial Times rate of $1.00:£0.7651 as at 14 September 2018, being the latest practicable date prior to the publication of this Prospectus.

The person named for registration purposes in your Application Form (which term shall include the holder of the relevant CREST account) must be: (i) the person procured by you to subscribe for or acquire the relevant Ordinary Shares; or (ii) yourself; or (iii) a nominee of any such person or yourself, as the case may be. Neither Computershare nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Computershare, on behalf of the Company, will input a DVP instruction into the CREST system according to the booking instructions provided by you in your Application Form. The input returned by you or your settlement agent/custodian of a matching or acceptance instruction to our CREST input will then allow the delivery of your Ordinary Shares to your CREST account against payment of the Issue Price per New Share through the CREST system upon the Settlement Date.

By returning the Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of Ordinary Shares to be made prior to 8.00 a.m. on 23 October 2018 against payment of the Issue Price per Ordinary Share. Failure by you to do so will result in you being charged interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in US Dollars plus 2 per cent. per annum.

To ensure that you fulfil this requirement it is essential that you or your settlement agent/custodian follow the CREST matching criteria set out below:

Trade Date:	19 October 2018
Settlement Date:	23 October 2018
Company:	Blue Ocean Maritime Income plc
Security Description:	Ordinary Shares
SEDOL:	BFMN409
ISIN:	GB00BFMN4099

Should you wish to settle DVP, you will need to match your instructions to Computershare's Participant account RA63 by no later than 1.00 p.m. on 22 October 2018.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

In the event of late CREST settlement, the Company, after having consulted with Computershare, reserves the right to deliver Ordinary Shares outside CREST in certificated form provided payment has been made in terms satisfactory to the Company and all other conditions in relation to the Offer for Subscription have been satisfied.

5. Reliable Introducer Certificate

Applications will be subject to UK anti-money laundering requirements. This will involve you providing the verification of identity documents listed in section 6 of the Application Form UNLESS you can have the certificate provided at section 5 of the Application Form given and signed by a firm acceptable to the Receiving Agent. In order to ensure your application is processed timely and efficiently all applicants are strongly advised to have the certificate provided in Box 8 of the Application Form completed and signed by a suitable firm.

6. Identity Information

Applicants need only consider Box 6 of the Application Form if the declaration in Box 5 cannot be completed. Notwithstanding that the declaration in Box 5 has been completed and signed, the Receiving Agent reserves the right to request of you the identity documents listed in section 6 and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your application might be rejected or revoked. Where certified copies of documents are requested in section 6, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

7. Contact Details

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person the Receiving Agent may contact with all enquiries concerning your application. Ordinarily this contact person should be the person signing in Box 3 on behalf of the first named holder. If no details are entered here but a regulated person is identified in section 5, the Receiving Agent will contact the regulated person. If no details are entered here and no regulated person is named in section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Instructions for delivery of completed Application Forms

Completed Application Forms should be returned, by post to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS99 6AH or by hand (during normal business hours), to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received by no later than 3.00 p.m. on 16 October 2018, together with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after this date may be returned.

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